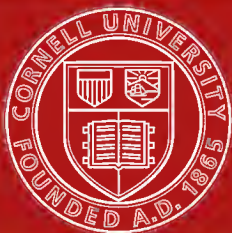


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STATE OF NEW JERSEY

BOARD OF
PUBLIC UTILITY COMMISSIONERS

UNIFORM SYSTEM OF ACCOUNTS

FOR

Street or
Traction Railway Utilities

FIRST ISSUE

Effective January 1, 1913

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**UNIFORM SYSTEM OF ACCOUNTS
FOR
STREET OR TRACTION RAILWAY UTILITIES.**

The uniform system of accounts contained in this circular is established and issued by the Board of Public Utility Commissioners, State of New Jersey, under the following provision of Chapter 195, Laws of 1911:

Section II, Paragraph 17: The board shall have power, after hearing, upon notice, by order in writing, to require every public utility as herein defined:

(d) To keep its books, records and accounts so as to afford an intelligent understanding of its business, and to that end to require every such public utility of the same class to adopt a uniform system of accounting.

On January 3, 1911, the Board of Public Utility Commissioners prescribed a uniform system of accounts for electric street railway corporations covering Fixed Capital (or Construction) Accounts, Operating Revenue and Operating Expense Accounts, but not including General Balance Sheet, Non-Operating Revenue, Income Deduction, or Appropriation Accounts. The latter groups of accounts are provided for in the present circular, and on and after January 1, 1913, every street or traction railway utility, as defined in Section I, Paragraph 15 of the above mentioned statute, will be required to carry on its books such of these accounts herein defined, as are pertinent to the facts and circumstances of said utility, and to keep such accounts in conformity with the definitions and instructions contained herein.

There is also reprinted in this circular the uniform system of Construction, Operating Revenue and Operating Expense accounts previously prescribed for electric street railway companies, with the following modifications thereof, which, on and after January 1, 1913, must be observed by every such utility in recording transactions affected thereby.

In the group of Fixed Capital (or Construction) accounts, account No. 34, "Cost of Road Purchased," has been eliminated,

such cost to be treated in accordance with the instructions given in paragraph No. 14 of this circular. From account No. 41, "Interest," have been excluded discounts and commissions on securities issued for construction purposes, which are herein provided for under account No. 165, "Unamortized Debt Discount and Expense"; and from account No. 44, "Miscellaneous," have been excluded organization expenses, the cost of printing stocks and bonds, with payments to trustees and expenses incurred in the disposal of securities. Part of these expenses are herein provided for under account No. 165, "Unamortized Debt Discount and Expense," and the remainder under account No. 145, "Organization," the first of the four accounts under a new sub-group for intangible fixed capital.

In reprinting the Operating Expense accounts such changes have been made in the various maintenance accounts as will make the latter consistent with the "Depreciation" accounts prescribed by the Board at the time of the adoption of the "Classification of Operating Expenses, Operating Revenues and Expenditures for Road and Equipment" for Electric Railways prepared by the American Street and Interurban Railway Accountants' Association, which changes are suggested in the note under "Depreciation" in that classification.

Account No. 79, "Miscellaneous General Expenses," under Group V, of Operating Expenses has been divided into two sub-accounts: (a) "Miscellaneous Adjustments—Balance," and (b) "Other Miscellaneous General Expenses," the first of which is an entirely new account introduced to meet the requirements of account No. 152, "Materials and Supplies," one of the General Balance Sheet accounts herein prescribed, and the second of which includes all other items heretofore chargeable to account No. 79.

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SCHEDULE A.

BALANCE SHEET OR INDICANT ACCOUNTS.

DEFINITIONS AND INSTRUCTIONS.

1. **Public Utility and Street Railway Corporations Defined.**—Section I, Paragraph 15, Chapter 195, Laws of 1911, defines “public utility” as follows: “The term ‘public utility’ is hereby defined to include every individual, co-partnership, association, corporation or joint stock company, their lessees, trustees or receivers appointed by any court whatsoever, that now or hereafter may own, operate, manage or control within the State of New Jersey any steam railroad, *street railway*, *traction railway*, canal, express, subway, pipe line, gas, electric light, heat, power, water, oil, sewer, telephone, telegraph system, plant or equipment for public use, under privileges granted or hereafter to be granted by the State of New Jersey or by any political subdivision thereof.”

The term *street railway corporation* as herein used includes all railways organized under the Law of 1886, commonly known as the Street Railway Act, or under the Law of 1893, commonly known as the Traction Act, and all other railroads or railways under whatever act organized, whose operations are those of a street railway, and also those interurban lines operated within the State, whose operations are not connected with those of any regularly organized steam railroad.

2. **Accounts to be Kept by Double-Entry Method.**—All accounts kept by any corporation or person within the scope of the present order shall, on and after January 1, 1913, be kept by the double-entry method.

NOTE.—This requirement is not intended to apply to purely statistical accounts.

3. **Capital Defined.**—As the term is used herein, by *capital* of a corporation is meant all property devoted to the rendering of the services or the production of the commodities which are within the purposes of the corporation.

4. **Fixed Capital Defined.**—Capital which has an expectation of life in service of more than one year (exception being made of hand or other small portable tools liable to be lost or stolen¹) is called *fixed capital*.

NOTE.—Hand and other small portable tools liable to be lost or stolen shall, when first acquired and before issued for use, be carried in a suitable

Materials and Supplies account; when issued they shall be charged to the appropriate expense account. Portable tools and apparatus of special value may, however, be charged to the appropriate tangible capital account, and remain therein so long as record is kept of the persons to whom such tools and apparatus are issued and such persons are made responsible therefor.

5. Floating Capital Defined.—Capital other than fixed capital is called *Floating Capital*.

6. General Capital and Departmental Capital Defined.—Fixed capital is divisible into general capital and departmental capital, *general capital* being that which is indiscriminately available for the uses of two or more classes of operations, while *departmental capital* is that assigned solely or principally to a single class of operations.

7. Landed Capital and Non-landed Capital Defined.—Fixed capital is also divisible into landed capital and non-landed capital. *Landed capital* includes all interests in land (exclusive of improvements thereon) the term of which is more than one year. All other fixed capital is herein called *non-landed capital*.

8. Intangible and Tangible Capital Distinguished.—Non-landed capital is divisible into intangible and tangible. *Intangible capital* comprises organization, franchises, patent-rights, and all other intangible capital within the definition of fixed non-landed capital as above stated. *Tangible capital* comprises structures and equipment having an expectation of life in service of more than one year. Because of their liability to loss or theft, hand and other small portable tools are excepted from tangible capital, and the cost of such tools when issued is required to be treated as a part of the operating expenses. (See note under definition No. 4.)

9. First Entries Must Enable Identification.—The first entry relating to anything for which a charge or a credit is made to any fixed capital or investment account shall describe the property in respect of which the entry is made with such fullness and particularity as to enable its identification.

10. Costs to Be Actual Money Costs.—All charges made to fixed capital or other property accounts with respect to any property acquired on or after January 1st, 1913, shall be the actual money cost of the property. When the consideration actually given for anything with respect to which a charge is made to any fixed capital or other property account is anything other than money, the actual consideration shall be described in the entry

with sufficient fullness and particularly to identify it, and the amount charged shall be the actual money value of such consideration at the time of the transaction.

11. Discounts upon Securities Not to be Included in Costs.—Discounts upon securities and other commercial paper issued are to be provided for in other accounts and must in no case be included as part of the cost of any property acquired.

12. Costs of Labor, Materials and Supplies.—Cost of labor (employed in construction) includes not only wages, salaries and fees paid employees, but also such personal expenses of employees as are borne by the company. Cost of materials and supplies consumed in construction is the cost at the places where they enter into construction, including cost of transportation and inspection when specifically assignable. If such materials and supplies are passed through storehouses, their cost entered in the account may include a suitable proportion of store expense. The term "cost" as used herein means the actual cost in money of labor and materials used in construction, or the actual cost in money of property acquired after construction, or if the consideration given is other than money, the actual money value of such other consideration at the time of the purchase.

13. Withdrawals or Retirements.—When anything (not including minor parts the renewal of which is considered a repair) is withdrawn or retired from service, the amount at which it stood charged shall be credited to the account in which it stood charged at the time of withdrawal, and the entry of such credit shall cite by name and page of book or other record the original entry of cost of the thing withdrawn. If there is no such original entry, that fact shall be stated in connection with the credit entry, and the actual amount originally charged shall be credited. If such amount is not known, it shall be estimated, the facts upon which the estimate is based and the name of the person by whom estimated shall be shown, and the amount thus estimated to be the original charge in respect of such thing withdrawn shall be credited.

14. Plant and Equipment and Other Property Purchased.—When any property in the form of a going or completed plant is purchased, an appraisal of the property so acquired shall be made, and the different constituent elements of the road (and equipment, if any) or other property acquired shall be appraised at their structural value; that is to say, at the estimated cost of replacement or reproduction less deterioration to the then existing

condition, through wear and tear, obsolescence and inadequacy. If the actual money value of the consideration given for the road or other property was at the time of the acquisition in excess of such appraised value, the excess shall be charged to account No. 148, "Other Intangible Street Railway Capital," and the appraised values of the constituent elements shall be charged to the appropriate fixed capital accounts as hereinafter designated. If the actual money value of the consideration given was not in excess of such appraised value, such actual money value shall be distributed through the said accounts in proportion to the said appraised value of the constituent elements appropriate to the respective accounts. Full report of the contract of acquisition, the consideration given therefor, the determination of the actual money value of such consideration, the appraisal, and the amounts charged to the respective accounts for each road or other such property purchased, will be required to be filed with the Board of Public Utility Commissioners, and the purchaser will be required to procure in connection with the acquisition of any such plant or other fixed capital all existing records, memoranda, and accounts in the possession or control of the grantor relating to the construction and improvement of such plant, and to preserve such records, memoranda, and accounts until authorized by law to destroy or otherwise dispose of them.

ASSET ACCOUNTS.

100. FIXED CAPITAL INSTALLED PRIOR TO JANUARY 1, 1911.

Charge to this account all the Fixed Capital of the accounting person or corporation devoted to street railway operations as such capital stood at the close of December 31, 1910. Such charges should be made at the figures at which such capital was carried on the books of the said person or corporation on that date. No charges should be made to this account with respect to any property subsequently acquired, but the cost of such property should be charged to accounts Nos. 101-148, hereinafter provided.

When any capital included in this account is withdrawn or retired from service, the amount at which it is charged therein (estimated, if not known) should be credited thereto, and the amount so credited, less salvage, should (except as specified below under "Property Abandoned") be concurrently charged to account No. 214, "Accrued Amortization of Capital," and any debit balance in the latter account

closed out at the end of the fiscal year into the "Corporate Surplus or Deficit" account.

NOTE.—Corporations will be required to carry as sub-accounts of account No. 100 the several accounts on their books on December 31, 1910, which are combined to make up the said account, and to furnish information concerning such sub-accounts in their annual reports.

101-148. FIXED CAPITAL INSTALLED SINCE DECEMBER 31, 1910.

Charge to the proper sub-account hereunder (See pp. 33-44) the cost of all fixed capital of the accounting person or corporation devoted to street railway operations, installed or acquired since December 31, 1910.

150. FIXED CAPITAL IN OTHER DEPARTMENTS.

Charge to this account, or to appropriate sub-accounts hereunder, all fixed capital of the accounting person or corporation, both tangible and intangible, devoted to other than street railway operations.

151. CONSTRUCTION WORK IN PROGRESS.

Charge to this account the amounts expended upon road and equipment in process of construction under estimate or work orders but not yet ready for service, including such proportion of plant supervision expenses, engineering expenses, tool expenses, supply expenses, and general expenses as may be properly chargeable to the construction work included under this account. As soon as such work is completed, the cost of same should be credited to this account and charged to the appropriate fixed capital or other accounts.

In case any expenditures are carried in this account beyond the close of any fiscal year, companies will be required to furnish in their annual reports a complete analysis of this account, showing the total amount expended during the year upon each particular job, the date when same was begun, the date when same is expected to be completed, and such further information as the Board may deem necessary.

15. Floating Capital Divided into Two Groups.—Floating Capital is divided into two great groups, of which the first is herein called *Materials and Supplies* and the second *Current Assets*.

152. MATERIALS AND SUPPLIES.

To this account or appropriate sub-accounts hereunder should be charged the cost (including transportation) of all materials and supplies acquired, the salvage value of discarded equipment and of equipment, materials, and supplies returned to store, regardless of whether the same are intended to be consumed in construction or in operation, or later to be sold. Where discounts recovered through prompt payment are not credited to the particular bills, the cost at which such materials and supplies shall be charged shall be the invoice cost, and any discounts recovered through prompt payment of bills for such materials and supplies should be credited to account No. 141, "Interest During Construction," or to account No. 479a, "Miscellaneous Adjustments—Balance," according as such materials and supplies are intended for construction or for operation.

When the use of any tangible fixed capital is discontinued, it shall be treated as retired. The original cost of such capital should be credited to the fixed capital account in which carried, and the salvage value, if any, charged to this account or an appropriate sub-account. If such value is not known and cannot readily be determined, it should be estimated, and errors in such estimates, when determined, adjusted through the accounts involved.

Inventories of materials and supplies should be taken at least annually and any shortages or overages disclosed by such inventories should be credited or debited to this account and debited or credited to the operating expense account No. 479a, "Miscellaneous Adjustments—Balance," in case they cannot be assigned to specific accounts. When such materials and supplies have been used in construction, a suitable proportion of such shortages and overages may be debited or credited to account No. 144, "Miscellaneous Construction Expenditures."

NOTE.—It is not required that the transportation element of cost shall be assigned with a greater degree of accuracy than to the nearest cent per unit of material or supply. Where a single transportation item covers a multitude of things, the portion of the expense not assigned to specific things should be charged to the same account that store expenses are charged to.

153. CASH.

Charge to this account all money coming into the possession of the corporation and in which the corporation has the beneficial interest. This includes coin of the United States, United States treasury notes, gold and silver certificates and greenbacks, and bank bills payable to bearer. Also charge

to it all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand (whether payable to bearer or to order). Credit this account with all cash disbursements of the corporation.

154. BILLS RECEIVABLE.

To this account should be charged the cost of all negotiable paper in the form of notes receivable or other similar evidences of money receivable on demand or within a time not exceeding one year. This includes demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomsoever issued. It does not include investments nor interest coupons. Time loans that mature more than one year after date of issue should be considered as investments and should not be included in this account.

155. ACCOUNTS RECEIVABLE.

This account includes all amounts owing to the accounting person or corporation upon accounts with solvent concerns (other than bank accounts); also the cost of all accounts and claims upon which responsibility is acknowledged by solvent concerns or individuals, or which are sufficiently secured to be considered good, and of all judgments against solvent concerns where the judgment is not appealable or suspended through appeal. This account does not include negotiables.

156. INTEREST AND DIVIDENDS RECEIVABLE.

To the appropriate sub-account hereunder should be charged all interest considered collectible, which has accrued but has not yet been collected, upon investments, notes receivable, or other commercial paper, and accounts considered collectible held by or for the benefit of the company; also all dividends declared or guaranteed by solvent concerns but not yet collected, the right to which is in the corporation.

157. OTHER CURRENT ASSETS.

This account includes the cost of all current assets which are not includible under any of the last four preceding accounts. By current assets are meant only those things which are readily convertible into money, and which are held with the intention of being presently converted into money and not as investments.

16. Special Deposits Defined.—By *Special Deposits*, as here used, are meant amounts of money and bank credits in the hands of fiscal or other agents of the corporation for the payment of coupons, dividends, or other special purposes. Credits at banks subject to check of the corporation or its agents for general purposes, deposits at banks whether withdrawable at pleasure or after a specified time, amounts of money in safe deposit vaults, etc., so long as they are available for general purposes of the corporation, should be excluded herefrom.

158. COUPON SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits *speci-ally* deposited in the hands of fiscal agents or other agents of the corporation for the payment of interest coupons when presented. Such coupons, when paid from such deposits, should be credited to this account and charged to the appropriate matured interest account. Payments to trustees (or other agents) of the holders of bonds or other securities of the interest accrued thereon, which operate under the terms of the securities (or of mortgages supporting such securities) as a release of the paying corporation from further liability for such interest, shall not be charged to this account, but to the appropriate "Interest Accrued" account.

159. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited in the hands of fiscal agents or other agents of the corporation for other *special* purposes not elsewhere provided for. Charges to this account shall specify the purpose for which the deposit is made. When such purposes are satisfied this account shall be credited with the amount specially deposited to provide such satisfaction.

160. INVESTMENTS.

Charge to this account or appropriate sub-accounts hereunder, the cost of all properties acquired, not for use in present operations, but as a means of obtaining or exercising control over other corporations, or for income to be derived therefrom, or for a rise in value or for devotion to future operations at a time when it seems probable that they cannot be so advantageously acquired as at time of actual acquisition. Investments should be classified into *bound* and *free* investments. By *bound* investments are meant those held subject to a lien of some character; by *free* investments are meant those held free of all liens.

NOTE.—In the annual reports of the Board of Public Utility Commissioners, investments, whether bound or free, will be required to be classified with at least the following detail: Funded Debt of Controlling Corporations, Funded Debt of Affiliated Corporations, Funded Debt of Controlled Corporations, Stocks of Controlling Corporations, Stocks of Affiliated Corporations, Stocks of Controlled Corporations, Advances to Controlling, Controlled or Affiliated Corporations, Funded Debt of Other Corporations, Stocks of Other Corporations, Land, Improvements on Land, and Other Investments. From this account should be excluded all securities carried in Sinking or Other Special Reserve Funds, separate accounts for which are elsewhere provided.

161. RE-ACQUIRED SECURITIES.

When securities, whether funded debt or stocks, have been actually issued to bona fide holders for value (or after such issue by another corporation have been assumed by the accounting corporation), and after such issue (or assumption) have been acquired by the corporation under circumstances which require that they shall not be treated as paid or retired, they should be charged at face value to this account.

162. SINKING FUNDS.

In this account should be included the amount of cash and the cost or book value of securities in the hands of trustees of sinking and other funds for the purpose of redeeming outstanding obligations. A separate sub-account should be carried for each separate sinking fund.

163. OTHER SPECIAL FUNDS.

In this account should be included the amount of cash and the cost or book value of securities in any special fund belonging to or held in trust by the accounting person or corporation for specific purposes not elsewhere provided for. A separate sub-account should be carried for each separate fund.

164. PREPAYMENTS.

When payments for taxes, insurance, rents, etc., are made in advance of the period to which they pertain, the amount of the advance payment should be charged to an appropriate sub-account hereunder. At the close of each month or quarter thereafter the amount of the advance payment applicable thereto should be credited to this account and charged to the appropriate expense or other income account.

17. Suspense.—When any expenditure is made, the appropriate disposition of which is not yet determinable, or when any loss

occurs which is to be spread over a period of time, or when any other debit is amortized through charges made to expense or other income accounts at intervals over a period of time, such expenditure, loss or other debit should, except as herein otherwise directed, be charged to the appropriate suspense account.

The word "amortization" as used herein, denotes the gradual extinction of a charge, or the clearing off of expiring value. It is applied to tangible or intangible property, wherein it is more comprehensive than "depreciation."

165. UNAMORTIZED DEBT DISCOUNT AND EXPENSE.

When funded debt securities and other evidences of indebtedness are disposed of for a consideration whose cash value is less than the sum of the par value of the securities or other evidences of indebtedness and of the interest thereon accrued at the time the transfer takes place, the excess of such sum of the par value and accrued interest over the cash value of the consideration received shall be charged to this account.

To this account shall also be charged all expense connected with the issue and sale of evidences of debt, such as fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, cost of engraving and printing bonds, certificates of indebtedness and other commercial paper having a life of more than one year, fees paid trustees provided for in mortgages and trust deeds, fees and commissions paid underwriters and brokers for marketing such evidences of debt and other like expense. At or before the close of each fiscal period thereafter, a proportion of such discount and expense based upon the life of the security to maturity shall be credited to this account and charged to account No. 515, "Amortization of Debt Discount and Expense."

166. PROPERTY ABANDONED.

When any important piece of property, other than land, included in fixed capital accounts, is abandoned by reason of its being replaced with enlarged, improved, or more efficient property, the corporation may, if so authorized upon application to the Board of Public Utility Commissioners, open on its books a Property Abandoned account. The purpose in providing this account is to enable the corporation to charge off during a term of years the loss

on property abandoned on account of improvements or betterments in the interest of greater efficiency.

When property is charged to this account, it should be at the original cost (estimated, if not known), less salvage, and less the amount of accrued depreciation applicable thereto. The appropriate property account should be credited with the cost of the property; "Accrued Amortization of Capital" should be charged with the amount of accrued depreciation; the proper accounts should be debited with salvage; and the balance should be charged to this account, to be extinguished during a period of years by charges against income or against surplus, according as the Board, on application, decides.

NOTE.—This account does not apply to property acquired subsequently to December 31, 1910; on such property the charges for depreciation in operating expenses should be sufficient to care for all wear and tear, obsolescence and inadequacy.

167. OTHER SUSPENSE.

To this account should be made all debits not provided for elsewhere, the proper final disposition of which is uncertain. This includes all expenses of preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation. Should any such project later be carried to completion, the amounts so expended should be credited to this account and charged to the proper fixed capital accounts; should it be abandoned, the amounts should be charged to the appropriate operating expense or other income account.

When the proper disposition of any expenditure charged to this account is determined, it should be credited to this account and charged to the appropriate account or accounts.

168. CORPORATE DEFICIT.

Under this head should be shown the debit balance, if any, in the "Corporate Surplus or Deficit" account.

LIABILITY ACCOUNTS.

18. Debt Defined.—The word *debt*, as here used, covers all absolute obligations to pay money at a definite time or times, or at a time or times which are capable of being made definite by demand or other act of the creditor. It does not cover conting-

ent obligations, such as obligations to pay rent for future enjoyment of the term, liabilities of indorsers upon paper not yet defaulted, etc.

Debt is divided into *Funded Debt* and *Unfunded Debt*.

19. Funded Debt Defined.—*Funded Debt* comprises all debt which by the terms of its creation does not mature until more than one year after date of creation.

20. Unfunded Debt Defined.—*Unfunded Debt* comprises all debt which by the terms of its creation matures one year or less after the date of creation or after demand.

200. FUNDED DEBT ACCOUNTS.

Funded debt shall be divided in the accounts into classes, such classes being determined by the four characteristics: (1) mortgage or other lien or security therefor, (2) rate of interest, (3) interest dates, and (4) date of maturity. A separate sub-account shall be raised for each such class of funded debt, and no two amounts of debt not agreeing in respect of all four of the characteristics above named shall be included in the same sub-account. The title of each sub-account of funded debt shall express the four characteristics above stated, that is to say: mortgage or other lien or security, rate of interest, dates of maturity of interest, and date of maturity of principal; as e. g., "First Mortgage 5% QF 10, August 10, 1928," which means funded debt secured by the company's first mortgage, bearing interest at the rate of 5 per cent. per annum, interest maturing quarterly on February 10th, May 10th, August 10th, and November 10th of each year, principal maturing August 10, 1928.

Where any portion of the funded debt rests only on the general credit of the corporation and is not specially secured or supported by lien of any character, it shall for the purposes of these accounts be known as a "debenture." "Debentures" thus include promissory notes unsecured by mortgage or other lien, also those securities commonly known as "plain bonds."

To the appropriate sub-account in "Funded Debt" shall be credited when issued the par value of the amount of evidences of funded indebtedness issued. The entry shall show not only the amount issued but the purpose for which issued, and shall make intelligible reference to the book, page and account whereon are shown any discounts or pre-

miums realized on the amount issued. If the consideration received for the issue is anything else than money, the entry shall show further the principal to whom issued, and shall describe with sufficient particularity to identify it the actual consideration received for the issue. If the issue in any case is to an agent of an undisclosed principal, the name and business address of such agent and the fact of his agency shall be shown in the entry.

21. Unfunded Debt Accounts.—The accounts for unfunded debt are defined as follows:

201. TAXES ACCRUED.

Credit to this account at the close of each month or quarter the taxes accrued during the period, and make corresponding charges to the appropriate "Taxes" account. Credits to the account "Taxes Accrued" will necessarily be based upon estimate until the amount of tax levied for the tax period is known; such estimates shall be based upon the best data available, and as soon as the amount of tax for the period is known the account involved shall be adjusted to conform. When any tax is paid it shall be charged to this account and credited to "Cash" or other suitable account.

202. RECEIVER'S CERTIFICATES.

When any receiver, acting under the orders of a competent court, is in possession of the property of the corporation and under the orders of such court issues certificates of indebtedness chargeable upon such property, the par value of such certificates should be credited to this account. Interest accruing upon such certificates should also be credited to this account.

203. JUDGMENTS UNPAID.

When any judgment of indebtedness is rendered by a court of competent jurisdiction against the corporation, or any fine or penalty requiring the payment of money is assessed by such a court against the corporation, and no appeal accompanied by stay of execution has been taken therefrom within the time allowed by the law for such appeal, the amount of such judgment should be credited to this account, and the entry should designate the action or suit as a consequence of which such judgment is pronounced or such fine or penalty assessed. The designation of the action or suit should show the court, the term thereof, the parties

and the character of the action or suit. Interest accrued upon any such judgment should be credited to this account.

204. INTEREST ACCRUED.

Credit to this account at the close of each month or quarter the interest accrued during the period upon indebtedness of the corporation. When such interest is paid it shall be charged to this account and credited to "Cash" or other suitable account.

The account "Interest Accrued" does not include interest on judgments, nor that upon receiver's certificates. The interest accruing on any judgment against the corporation or upon any receiver's certificate shall be credited to the account to which such judgment or receiver's certificate stands credited.

NOTE.—When coupon interest matures, it should be transferred from the sub-account "Unmatured Coupon Interest Accrued" to the sub-account "Coupon Interest Matured." When such interest is paid out of coupon special deposits the sub-account "Coupon Interest Matured" should be charged and the account "Coupon Special Deposits" credited.

205. OTHER ACCRUED LIABILITIES.

By accrued liabilities are meant those which accrue from day to day, but do not become due until a particular date, such as interest, rent, taxes, etc. At the close of each month or quarter there should be credited to the appropriate sub-account hereunder, and charged to the proper operating expense, revenue or income deduction account, the amount of all accrued liabilities not above provided for. When payments for same are made, they should be charged to the accrued liability accounts and credited to "Cash" or other suitable account.

206. DIVIDENDS DECLARED.

When any dividend is declared it should be credited to this account, and here remain until it is paid, when it should be charged to this account and credited to "Cash" or other suitable account.

207. BILLS PAYABLE.

When any note, draft or other bill payable, which matures not later than one year after date of issue or of demand, is issued or a primary liability thereon assumed by the accounting person or corporation, the par value thereof should be credited to this account, and when it is paid it

should be charged to this account and credited to "Cash" or other suitable account.

208. ADVANCES FROM OTHER CORPORATIONS.

Credit to this account all advances from other corporations to enable the accounting person or corporation to pay for construction or additions and betterments to its road and equipment, or for any other purpose. This account should be kept in such manner as to show separately the amount advanced for construction and that advanced for other purposes.

209. OTHER ACCOUNTS PAYABLE.

This account includes all amounts owing to miscellaneous creditors on open accounts not elsewhere provided for.

210. OTHER UNFUNDED DEBT.

To this account should be credited at face value all unfunded debt upon which the company is liable and which is not elsewhere provided for.

22. Reserves.—Reserves shall be classified as *Permanent* and *Temporary*.

23. Permanent Reserves Defined.—By *Permanent Reserves* are meant those that must be maintained intact during the life of the corporation. Permanent reserves shall be classified into the two classes: *Premium on Stocks* and *Other Permanent Reserves*.

211. PREMIUMS ON STOCKS.

Premiums on stocks should be sub-classified with respect to the several classes of stocks, for definitions of which see accounts under the head "Stocks." A sub-account should be kept for each particular class of stocks, and such sub-accounts should be severally entitled:

Premiums on Debenture Stocks.

Premiums on First Preferred Stocks.

Premiums on Second Preferred Stocks, etc., and

Premiums on Common Stock.

When a premium is realized upon an issue of any class of stock, such premium should be credited to this account for each class of stock, and the credit should remain in the account as long as the stock remains outstanding. By "premium realized" is meant the excess of the actual money value of the consideration at the time of issue of the stock

over the par value of the stock. If the stock is issued by the corporation to its treasurer or other agent, the excess of the actual money value of the consideration obtained by him over the par value of the stock should be considered the premium realized.

212. OTHER PERMANENT RESERVES.

Credit to this account all reserves not above provided for created to remain intact until the dissolution of the corporation. A separate sub-account should be created for each particular purpose for which a reserve is raised, and the purpose of the reserve should be designated in the title of the account thereof and should be expressed in full in the first entry in such account.

24. Temporary Reserves Defined.—By *Temporary Reserves* are meant those that are not intended to remain intact during the life of the corporation. Temporary Reserves should be classified as *Contractual Reserves* and *Non-Contractual Reserves*.

213. CONTRACTUAL RESERVES.

Contractual Reserves are reserves necessitated by contracts of the corporation, as e. g., reserves to cover sinking funds provided for in mortgages, etc. A separate sub-account should be raised for each particular contractual reserve, and to such account should be credited all appropriations and accumulations made in accordance with the contract provisions under which such reserve is created. The purpose of the reserve should be designated in the title of the account thereof and should be expressed in full in the first entry in such account.

25. Non-Contractual Reserves Defined.—*Non-Contractual Reserves* are such temporary reserves as are raised without being required under any contract. Non-contractual reserves are divided into *Required* and *Optional*.

214. ACCRUED AMORTIZATION OF CAPITAL.

To this account or to appropriate sub-accounts hereunder should be credited such amounts as are charged from time to time to "Operating Expenses" or other accounts to cover depreciation of way and structures, depreciation of equipment, and other amortization of capital.

When any capital is retired from service, the original money cost thereof (estimated, if not known; where estimated, that fact and the facts upon which the estimate is based should be stated in the entry), less salvage, should, except as provided under "Property Abandoned," be charged to this account, and the amount originally entered or contained in the charge to any fixed capital account with respect to property going out of service should be credited to that account, any necessary adjusting entry being made to the appropriate sub-account under the account "Corporate Surplus or Deficit."

215. UNAMORTIZED PREMIUM ON DEBT.

When funded debt securities or other evidences of indebtedness are disposed of for a consideration whose cash value is greater than the sum of the par value of such securities or other evidences of indebtedness and the interest thereon accrued at the time the transfer takes place, the excess of the cash value of such consideration received over the sum of the par value of the securities or other evidences of indebtedness and the accrued interest should be credited to this account. At monthly or quarterly intervals thereafter a proportion of such premium based upon the life of the security or other evidence of indebtedness to maturity should be charged to this account and credited to "Amortization of Premium on Debt" in "Income" account.

NOTE.—If, at the time any premium is realized, there is any unamortized debt discount and expense on any prior issue of the same class of debt, such portion of the premium as does not exceed the unamortized debt discount and expense on the prior issue of the same class of debt may be credited to account No. 165, "Unamortized Debt Discount and Expense."

216. OTHER REQUIRED RESERVES.

Credit to this account all required reserves not elsewhere provided for. The first entry of a credit to this account with respect to any particular reserve should show the purpose of the reserve, and every subsequent entry with respect to that reserve should designate the reserve to which it relates.

26. Optional Reserve Accounts.—*Optional Reserves* are those the creation of which is solely within the discretion of the corporation. For such reserves the following two accounts are provided:

217. CASUALTY AND INSURANCE RESERVE.

When any admitted liability arises because of loss or damage to the property of others, or of injuries to employees or other persons, the amount of the liability may (if not previously provided for by insurance or self-insurance) be charged to the appropriate operating expense or other accounts and credited to this account, against which (in such case) the actual cost of satisfaction of the liability shall be charged when the matter is determined. If the extent of the liability can not be ascertained promptly after the liability arises, it may be estimated as accurately as practicable for the purpose of determining the immediate charge to the expense or other appropriate account, in which case the matter shall be adjusted when the extent of the liability is definitely ascertained. If the loss is of such character that it is in whole or in part indemnifiable under any contract of insurance carried by the corporation, the indemnifiable portion of the loss shall be charged to the insurer and credited to "Casualty and Insurance Reserve." Also credit to this account the amounts charged to the operating expense account "Insurance" to cover self-carried risks.

218. OTHER OPTIONAL RESERVES.

A sub-account should be raised for each particular reserve, and its title should designate the purpose of such reserve and the first entry therein should express in full such purpose.

27. Stocks Defined.—By *Stocks* of a corporation, as the term is here used, are meant those securities which represent permanent interests in the corporation or interests which, if terminable, are so only at the option of the corporation.

28. Stocks Classified.—Stocks are classified as follows:

Debenture Stocks.

First Preferred Stocks.

Second Preferred Stocks, etc., and

Common Stocks.

29. Debenture Stocks Defined.—*Debenture Stocks* are those issued under a contract to pay absolutely thereon at specified intervals a specified return.

30. First Preferred Stocks Defined.—*First Preferred Stocks* are those which have the first claim upon such dividends as may be distributed. They may be cumulative or non-cumulative,

participating or non-participating. If *cumulative*, the amount by which the dividend at any dividend period fails to reach the stipulated rate is carried forward to continue as a claim upon dividends until satisfied; if *non-cumulative*, such amount lapses. If a first preferred stock is *participating*, it is not limited to the stipulated rate in the amount of dividends which it may receive, but is entitled to participate, in accordance with the terms of the contract under which it is issued, in further dividends; if *non-participating*, it is limited to the stipulated rate.

31. Second Preferred Stocks Defined.—*Second Preferred Stocks* are those whose claims in the distribution of dividends are next after those of first preferred stocks. These stocks may also be cumulative or non-cumulative, participating or non-participating.

32. Common Stocks Defined.—*Common Stocks* are those whose claims in the distribution of dividends are subordinate to the claims of all other stocks.

33. Voting Powers.—Stocks differ also in regard to the voting powers incident to ownership of them.

34. Retirements of Stocks.—Stocks are sometimes issued under contracts wherein the issuing corporation reserves to itself the right to retire them at its option, either absolute or subject to conditions expressed in the contracts whereunder the stocks are issued.

219. CAPITAL STOCK ACCOUNTS.

In the accounts of stocks outstanding, a separate account should be raised for each class of stock issued, and no two stocks shall be considered of the same class unless they are equal in their interest or dividend rights, their voting rights, and the conditions under which they may be retired. The characteristics of any class of stocks in these three regards shall be designated in the title of the account raised to cover such stocks, and shall be clearly expressed in the first entry in such account.

To the account for any class of stocks should be credited when issued the par value of the amount of stock of that class issued. If such issue is for money, that fact shall be stated; and if for any other consideration than money, the person to whom issued shall be designated, and the consideration for which issued shall be described with sufficient particularity to identify it; if such issue is to the

treasurer, or other agent of the corporation, to be disposed of by him for the benefit of the corporation, that fact and the name of such agent shall be shown; and such agent shall in his account of the disposition thereof show the like details concerning the consideration realized thereon, which account when accepted by the corporation shall be preserved as a corporate record. If the fair cash value of the consideration realized upon the issue of any amount of stock is greater than the par value of such stock, the excess should be credited to the account "Premiums on Stocks," and corresponding reference thereto shall be contained in the entry relating to such stock in the stock account.

220. CORPORATE SURPLUS.

Under this head should be shown the credit balance, if any, in the "Corporate Surplus or Deficit" account.

FIXED CAPITAL ACCOUNTS.

- I.—ROAD.
- II.—EQUIPMENT.
- III.—GENERAL EXPENDITURES.
- IV.—INTANGIBLE FIXED CAPITAL.

I. ROAD.

101. ENGINEERING AND SUPERINTENDENCE.

To this account should be charged all expenditures for services of engineers, draftsmen, and superintendents employed on preliminary and construction work, and all expenses incident to the work.

NOTE A.—When employees enumerated above are engaged in work not chargeable to construction, their pay and expenses should be charged to the specific work on which engaged.

NOTE B.—When any of the expenses above mentioned can be charged directly to the account for which incurred, they should be so charged, and not to this account.

102. RIGHT OF WAY.

To this account should be charged the cost of land acquired for roadbed; expenses of appraisals, or juries, commissioners, or arbitrators in condemnation cases; cost of removal of buildings (if upon right of way, and not included in property purchased); commissions paid outside parties for purchase of properties for these purposes; cost of plats; abstracts, notarial fees, recording deeds, etc., and payments for abutting damages.

NOTE.—The estimated value of property not required in connection with the operation of the road after completion thereof, but acquired and charged to this account in connection with land needed for right of way, should, upon completion of the road, be credited to this account and charged to an appropriate property account. Where such property is sold upon or prior to the completion of the road, the proceeds of sale thereof should be credited to this account.

103. OTHER LAND USED IN ELECTRIC RAILWAY OPERATIONS.

To this account should be charged the cost of land acquired for use directly in connection with the operation of the road, but in excess of, and in addition to that actually required for roadbed, including all expenses incurred in connection with such acquisition, as enumerated in Account No. 102, "Right of Way."

104. GRADING.

To this account should be charged the cost of grading roadbed, whether excavations or embankments; reconstructing pikes or roads; ditching roadbed; and ditches for waterways. This account should include the cost of retaining walls and other masonry or riprap for the protection of embankments, cuts and slopes.

105. BALLAST.

To this account should be charged the cost of ballast, whether of broken stone, slag, gravel or other material especially provided for this purpose; also the cost of loading, hauling and unloading alongside of track, and of transportation.

106. TIES.

To this account should be charged the cost of cross, switch, bridge and other ties and railway crossing timbers laid in main and repair tracks, sidings and spurs; in tunnels, station, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, in carhouses, shops and storehouses, and on transfer tables and turntables. To this account should be charged also the cost of transportation, inspection, handling (except final distribution), and any process of preservation.

107. RAILS, RAIL FASTENINGS, AND JOINTS.

To this account should be charged the cost of rails, rail fastenings, and joints laid in main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on wharves, piers, track scales, inclines, bridges, trestles, culverts, in carhouses, shops and storehouses, and on transfer tables and turntables. To this account should be charged also the cost of transportation, inspection, and handling (except final distribution).

108. SPECIAL WORK.

To this account should be charged the cost of special work, including steam and street railroad crossings, cross-overs, curves, frogs, run-offs, switches, switch-mates, and turn-outs. To this account should also be charged the cost of transportation, inspection, and handling (except final distribution).

109. UNDERGROUND CONSTRUCTION.

This account is to be used only by railways operated by underground electric contact system, or by those operated by cable traction.

To this account should be charged the cost of underground construction, including yokes, concrete work, man-hole frames and covers, slot rails, drainpipes, pulleys, sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction. To this account should be charged also the cost of transportation, inspection, and handling (except final distribution).

NOTE.—The cost of track rails, track rail fastenings and joints, and electric contact rails and insulators, and cables of cable railways, should not be charged to this account.

110. PAVING.

To this account should be charged cost of labor and material for paving about tracks and special work, and cross walks incidental to track construction.

111. TRACK LAYING AND SURFACING.

To this account should be charged the cost of distributing, laying, spacing and lining ties; cost of laying, jointing and spiking rails; surfacing and lining track, and labor of placing frogs, switches, and special work; cost of track tools; cost of spreading ballast and putting it under track; expenses of distributing track material, and cost of transportation of men, tools, appliances, and outfits used on this work.

112. ROADWAY TOOLS.

To this account should be charged the cost of the first outfit of tools, including hand and push cars, velocipedes, speeders, etc., furnished to section, bridge, carpenter, and other gangs properly to equip them to protect, maintain, and repair the property when it is opened for the handling of commercial traffic.

113. TUNNELS.

To this account should be charged the cost of tunneling, including such timber as may be used; cost of material used, and labor expended in the construction of tunnels.

NOTE.—This account does not include cost of the track through the tunnel or of surfacing such track.

114. ELEVATED STRUCTURES AND FOUNDATIONS.

This account is intended to be used only by companies operating an elevated railway system.

To this account should be charged cost of all material used and labor expended in the construction of elevated structures and foundations.

115. BRIDGES, TRESTLES AND CULVERTS.

To this account should be charged the cost of material used and labor expended in the construction of bridges and trestles erected to carry tracks over streams, ravines, streets, or other railways, and culverts, both substructure and superstructure, including transportation. This account should include cost of abutments, piers, supports, draw and pier protection; machinery to operate drawbridges, guard rails, masonry ends, and wing walls for culverts; cost of inspection of bridge material; cost of tests; cost of wing dams, cribs, or ice breakers for regulating the current of a stream or breaking up ice jams; also labor and material used in painting structures.

NOTE.—Any structure carrying tracks over other tracks, a stream, ravine, highway, or canal should be considered a bridge or culvert. The cost of structures carrying other tracks, canals, highways, etc., over a carrier's track should be charged to Account No. 116, "Crossings, Fences, Cattle Guards, and Signs."

116. CROSSINGS, FENCES, CATTLE GUARDS, AND SIGNS.

To this account should be charged the cost of material used and labor expended in constructing street, road and farm crossings at grade; overhead bridges and viaducts; roadways of undergrade foot or wagon crossings; crossing gates and warning signals; cost of drainage and excavations for undergrade crossings; and payments and assessments for street repairs or sewers at crossings; right-of-way fences, snow and sand fences, cattle guards, wing fences, aprons and hedges; mile, section, warning and other roadway signs.

117. INTERLOCKING AND OTHER SIGNAL APPARATUS.

To this account should be charged the cost of material used and labor expended in constructing interlocking and other signal apparatus complete.

118. TELEGRAPH AND TELEPHONE LINES.

To this account should be charged the cost of material used and labor expended in constructing telegraph and telephone lines, including conduits, poles, cables, wires, and instruments; also labor employed in the construction work, cost of all tools used, and cost of transportation.

NOTE.—If telegraph or telephone wires are carried on poles and fixtures or in conduits used for other purposes, the cost of such poles and fixtures or conduits should be charged to Account No. 119, "Poles and Fixtures," or Account No. 120, "Underground Conduits."

119. POLES AND FIXTURES.

To this account should be charged the cost of poles, cross-arms, and insulating pins; brackets and other pole fixtures; braces and other supports for holding the poles in position; also structures for supporting the overhead electric railway construction and all labor expended in connection with the construction of pole lines or structures.

120. UNDERGROUND CONDUITS.

To this account should be charged all material used and labor expended in constructing conduits required for underground wires and cables, including manholes, sewer connections, sewer traps, and all material necessary for the completion of the conduit system.

121. TRANSMISSION SYSTEM.

To this account should be charged the cost of material used and labor expended in constructing high-tension transmission system, including cables, wires, insulators, and insulating material.

NOTE.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (substation apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distribution System."

122. DISTRIBUTION SYSTEM.

To this account should be charged the cost of material used and labor expended in constructing distribution system, including overhead and underground feeders for transmitting low-tension power from power stations and sub-stations, including insulators and connections; track bonding, including track bonds, cost of punching and drilling rails for same; overhead trolley lines, including cost of trolley, guard, span, strain, supplementary, and other wires,

and all catenary construction used in connection with overhead trolley system; cost of third rail, braces and supports for same, insulating devices, materials used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors; cost of underground contact rails, and appliances used in underground contact system, including rails, braces, supports, and insulating devices.

NOTE.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (substation apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system) including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distribution System."

123. DAMS, CANALS, AND PIPE LINES.

To this account should be charged the cost of all dams, canals, aqueducts, pipe lines, and penstocks devoted to the utilization of water power and the delivery of the water to the inlet valve of the turbine or water wheel, also that of all wasteways from the outlet of the draft tube to the point of final discharge. This includes all gates, valves, and other accessories of such dams, also wasteways, sluices, forebays, grids, walls, fences, etc., for the protection of such canals and pipe lines, and all trestles and other supporting structures; also all viaducts, bridges, foot bridges, etc., over and accessory to or necessitated by such canals, aqueducts, and pipe lines.

124. POWER-PLANT BUILDINGS.

To this account should be charged the cost of material used and labor expended in erecting buildings to be used as power-generating plants, including excavations, foundations, drainage; gas and water pipes and connections, grading grounds, and furniture and fixtures when built into and constituting a part of the building.

125. SUB-STATION BUILDINGS.

To this account should be charged the cost of material used and labor expended in erecting buildings to be used as power sub-stations, or storage-battery buildings, including excavations, foundations, drainage; gas and water pipes and connections; grading grounds; and furniture and fix-

tures, when built into and constituting a part of the building.

126. GENERAL OFFICE BUILDINGS.

To this account should be charged the cost of material used and labor expended in erecting buildings devoted to general office purposes, the cost of all fixtures thereto attached, and the cost of furniture for the equipment of such buildings.

NOTE.—The cost of land occupied by general office buildings should be charged to Account No. 103, "Other Land used in Electric Railway Operations."

127. SHOPS AND CARHOUSES.

To this account should be charged the cost of material used and labor expended in erecting all buildings to be used as shops, car sheds, or carhouses; plants for furnishing power for heating and lighting the buildings; and oil houses, sand houses, and storehouses; preparing grounds before and clearing up same after construction; foundations; painting; sewerage systems; connections with water-supply systems; architects' fees for drawing plans and supervision of construction; and transportation and incidental expenditures.

128. STATIONS, WAITING ROOMS, AND MISCELLANEOUS BUILDINGS.

To this account should be charged the cost of material used and labor expended on stations, waiting rooms and other buildings not provided for elsewhere in this Classification, including cost of transportation; station signs, platforms, sidewalks, excavations, foundations, drainage; water, gas and sewer pipes and connections; steam-heating apparatus, stoves, electric light and power fixtures, including wiring for same; grading and putting grounds in order after buildings have been finished; electric bells, elevators and all other material, furniture or fixtures used to complete the buildings; wells for water supply of stations; salaries and expenses of architects; also cost of fences, hedges, turnstiles, etc., around station grounds.

129. DOCKS AND WHARVES.

To this account should be charged the cost of material used and labor expended in constructing docks, wharves, ferry or other landings and inclines to transfer steamers, including dredging.

NOTE.—The cost of ground on which docks or wharves are built and of riparian or water-front rights in connection therewith should be charged to Account No. 103, "Other Land used in Electric Railway Operations."

130. POWER PLANT EQUIPMENT.

To this account should be charged the cost of material used and labor expended in equipping plants for generating power; cost of engines, boilers, pumps, condensers and all equipment for generating steam power; dynamos, generators, wiring and appliances, and all equipment for generating electric current; foundations for any of the foregoing equipment; switchboards and all fixtures and appliances connected therewith.

NOTE.—The cost of cables and of machinery for the propulsion of cables used in the operation of cable or incline railways should be charged to this account.

131. SUB-STATION EQUIPMENT.

To this account should be charged the cost of material used and labor expended in equipping power sub-stations, cost of storage batteries, transformers and rotary converters, including foundations therefor; switchboards and all fixtures and appliances connected therewith.

132. SHOP EQUIPMENT.

To this account should be charged the cost of machinery and tools used in shops or carhouses, including foundations therefor; and the cost of loading, unloading and placing machinery in position. This account includes the cost of stationary engines and boilers, motors, compressors, shafting, belting, cranes, forges and all other machinery and tools necessary to first equip shops.

133. PARK AND RESORT PROPERTY.

To this account should be charged the cost of property in amusement parks or resorts.

NOTE.—The cost of land used for such purposes should be charged to Account No. 103, "Other Land used in Electric Railway Operations."

II. EQUIPMENT.

135. CARS.

To this account should be charged all expenditures for passenger, baggage, express, freight, mail and other cars from the operation of which revenue is derived.

The term "cars" includes car bodies and trucks, and all fixtures or appliances inside of or attached to the car bodies or trucks (except the electric equipment of the cars).

136. LOCOMOTIVES.

To this account should be charged all expenditures for locomotives, including all appurtenances, furniture, fixtures and electric equipment necessary to fit them for service.

137. ELECTRIC EQUIPMENT OF CARS.

To this account should be charged all expenditures for electric equipment and wiring of all cars, whether revenue or work cars, including labor, materials, tools, freight, hauling of material, and all other expenses incident to the work.

138. OTHER RAIL EQUIPMENT.

To this account should be charged all expenditures for water cars, sprinkling cars, sand cars, salt cars, supply cars and other work cars; snow plows, sweepers, scrapers and miscellaneous snow equipment.

139. MISCELLANEOUS EQUIPMENT.

To this account should be charged all expenditures for horses, harness, wagons, automobiles and other road vehicles.

III. GENERAL EXPENDITURES.

140. LAW EXPENSES DURING CONSTRUCTION.

To this account should be charged expenditures of the following nature, incurred during the progress of the construction of a road: The pay and expenses of all counsel, solicitors and attorneys, their clerks and attendants and expenses of their offices; printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; costs of suits and payments of special fees, notarial fees and witness fees not elsewhere provided for, and expenses connected with taking depositions; also all legal and court expenses.

NOTE.—When any of the expenses above enumerated can be charged directly to the account for which incurred, they may be so charged, and not to this account. Expenditures in connection with the acquisition of the right of way or other land should be charged to account No. 102, "Right of Way," or account No. 103, "Other Land Used in Electric Railway Operations," according to the character of the land acquired. Law expenditures in connection with the organization of the corporation should be charged to account No. 145, "Organization."

141. INTEREST DURING CONSTRUCTION.

To this account should be charged interest on loans effected and on notes issued for money borrowed for construction purposes or for purchase of equipment; interest on overdue payments to contractors or other creditors; and interest and exchange on other commercial paper issued for similar purposes. Interest on bonds and other securities, including equipment bonds or car-trust notes, paid or accrued during construction and before line is open for operation, is chargeable to this account. To this account should be credited all interest received on moneys acquired for purposes of purchase or construction of road or equipment. Also should be credited to this account discounts realized through prompt payment of bills for materials and supplies used in construction, unless such discounts are credited to the particular bills.

From this account should be excluded all discounts and commissions on securities issued for construction purposes or to raise funds for construction. Such discounts and commissions should be charged to account No. 165, "Un-amortized Debt Discount and Expense."

142. INJURIES AND DAMAGES DURING CONSTRUCTION.

This account includes all expenses incident to injuries to persons or damages to property caused directly in connection with construction of road and equipment; proportion of salaries and expenses of physicians and surgeons; nursing and hospital attendance; medical and surgical supplies; artificial limbs, railway and carriage fares for conveying injured persons and attendants; also proportion of pay and expenses of claim adjusters and their clerks, witness fees and pay and expenses of employees and others called in consultation in relation to the adjustment of claims coming under this head.

NOTE A.—When any of the expenses enumerated above can be charged directly to the account for which incurred, they should be so charged, and not to this account.

NOTE B.—Expenses in connection with the conduct of suits not otherwise provided for should be charged to Account No. 140, "Law Expenses During Construction," but the amount of final judgments, including plaintiffs' court costs should be charged to this account.

143. TAXES DURING CONSTRUCTION.

To this account should be charged all taxes and assessments levied and paid on property belonging to the company while under construction and before the road is opened for commercial operation, except special taxes assessed for street

and other improvements, such as grading, sewerage, curbing, guttering, paving, sidewalks, etc., which should be charged to the account to which the property affected was charged.

144. MISCELLANEOUS CONSTRUCTION EXPENDITURES.

To this account should be charged salaries and expenses of executive and general officers of a road under construction and of clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, and furniture and office expenses; also all items of a special and incidental nature which can not properly be charged to any other account in this Classification.

NOTE A.—This account may include a suitable proportion of store expenses when such expenses are not assignable to specific materials.

NOTE B.—This account shall not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, funded debt, or other securities and commercial paper.

IV. INTANGIBLE FIXED CAPITAL.

145. ORGANIZATION.

Charge to this account all fees paid to governments for the privilege of incorporation, and all office and other expenditure incident to organizing the corporation or other enterprise and putting it in readiness to do business. This includes cost of preparing and distributing prospectuses, cost of soliciting subscriptions for stock (but not for loans nor for the purchase of bonds or other evidences of indebtedness), cash fees paid to promoters and the actual cash value at the time of organization of securities paid to promoters for their services in organizing the enterprise, counsel fees, cost of preparing and issuing certificates of stock and cost of procuring certificates of necessity from State authorities and other like costs. Like costs incident to preparing and filing certificates of authorization of increase in capital stock, and to the negotiation and issue of stock thereunder, and cost of preparing and filing certificates of amendment of articles of incorporation should also be charged to this account. This account shall not include any discounts upon stock or other securities issued, nor shall it include any costs incident to negotiating loans or selling bonds or other evidence of indebtedness.

146. FRANCHISES.

To this account should be charged "the amount (exclusive of any tax or annual charge) actually paid to the State or any political sub-division thereof as the consideration of such franchise" (Section III, Paragraph 18 (f), Chapter 195, Laws of 1911.) If any such franchise is acquired by purchase, the charge to this account in respect thereof must not exceed the amount actually paid therefor, nor shall it exceed the amount specified in the statute above quoted. Any excess of the amount actually paid over the amount specified in the statute shall be charged to the account "Other Intangible Street Railway Capital." If any such franchise has a life of *not more than one year after the date when it is placed in service*, it shall not be charged to this account but to the appropriate accounts in "Operating Expenses", and in "Prepayments", if extending beyond the fiscal year.

NOTE.—Annual or more frequent payments in respect of franchises must not be charged to this account but to the appropriate tax or operating expense account.

147. PATENT RIGHTS.

Charge to this account the cost of all rights (having a life of more than one year from the date when placed in service) acquired by the corporation in or under valid patents granted by the United States to inventors for inventions and discoveries which are necessary to the economical conduct of the corporation's street railway operations.

148. OTHER INTANGIBLE STREET RAILWAY CAPITAL.

To this account should be charged the cost of all other intangible property devoted to street railway operations. All entries of charges to this account should describe the acquired property with sufficient particularity clearly to identify it, and should also show specifically the principal from whom acquired and all agents representing such principal in the transaction; also the term of life of such property, estimated if not known, and if estimated, the facts upon which the estimate is based.

SCHEDULE B.

INCOME ACCOUNT.

1. Income and Indicant Accounts Compared.—A comparison of the balances in the foregoing accounts (Schedule A) at any particular time will, if the accounts have been properly kept, show the then existing condition of a corporation's affairs, so far as such condition can be shown through the accounts. The group of accounts just defined is sometimes called the *Balance Sheet* or *Indicant* accounts. Their balances indicate the condition of the corporation at any particular time. These accounts, with their subsidiary accounts, are all that are necessary prior to the time when the corporation becomes what may be called a "going concern."

When a corporation begins operations it requires an additional group of accounts in which to classify in convenient form the accounting history of the various changes it undergoes. Such group of accounts brings together or accumulates the account of the various incidents of the corporation's history. This group of accounts may be called the *Income* account. They are made up usually on a yearly basis and are closed into one grand account called "Corporate Surplus or Deficit," which ties together this group of accounts and the preceding group. The following are the accounts which make up the income account statement:

300. OPERATING REVENUES.

This account includes the total operating revenues for the period covered by the income account statement. For the primary revenue accounts, see pages 52-56.

400. OPERATING REVENUE DEDUCTIONS.

This account includes the total operating expenses and revenue deductions for the period covered by the income account statement. For the primary operating expense and revenue deduction accounts see pages 58-84.

2. Non-Operating Revenues Defined.—By Non-Operating Revenues are meant those derived as a return upon the property of the accounting person or corporation in the hands of others or from its interests in property in the hands of others. For such revenues are provided the following accounts:

501. RENTS ACCRUED FROM LEASE OF ROAD.

To this account should be credited monthly or quarterly, as they accrue, all revenues from the accounting person's or corporation's interests in road or equipment held by others under some form of lease whereby it surrenders possession of such property. This account contemplates that the *taxes* on property so held are *payable by the tenant in possession* and charged by him to the appropriate tax account. If under the contract of lease such taxes are payable by the lessor or its assignee, such taxes should be charged to this revenue account and not to any of the lessor's tax accounts nor to any of its expense accounts.

502. MISCELLANEOUS RENT REVENUES.

To this account should be credited monthly or quarterly, as they accrue, all miscellaneous rent revenues from leased property other than road and equipment and not elsewhere provided for.

503. INTEREST REVENUES.

Credit to this account, as they accrue, all:

(a) *Interest from Investments*: All interest accruing to the corporation on such of its interest-bearing investments (as hereinbefore defined) as are liabilities of solvent concerns and individuals.

(b) *Interest from Other Sources*: All interest accruing to the corporation upon its interest-bearing current assets, special deposits, and all other assets not provided for under the foregoing sub-head, where such interest is a liability, actual or contingent, of solvent concerns and individuals.

NOTE.—Entries in this account must be made in such wise as to show separately the classes above indicated, which will be required to be stated separately in the annual reports to the Board of Public Utility Commissioners.

504. DIVIDEND REVENUES.

Credit to this account at their cash value, and of the date when collectible, all dividends declared by solvent concerns upon stocks held by the corporation among its investments.

505. MISCELLANEOUS NON-OPERATING REVENUES.

Credit to this account all non-operating revenues accruing to the corporation and not provided for under any of the foregoing accounts.

506. NON-OPERATING REVENUE DEDUCTIONS.

Charge to this account all matters provided for under the following sub-accounts:

(a) *Rent Expense*: This sub-account includes all expense arising in connection with the procuring of revenues from property let out to others, including the cost of negotiating contracts, advertising for tenants, fees paid conveyancers, collectors' commissions, cost of enforcing payment of rent, cost of ousting tenants, etc., and all other expense arising in connection with such property. This applies only to leases conveying the property out of the possession of the corporation, and it includes the expense accruing while the property is idle and awaiting an occupant. This sub-account includes cost of maintenance of the property when such cost is borne by the corporation. Such maintenance includes depreciation as well as repairable wear and tear. It does not include taxes.

(b) *Interest Expense*: This sub-account includes all expense arising in connection with procuring interest upon investments, such as expense of collection, expense of investigating delay in payment, expense of enforcing payment, and the like. It does not include taxes on such investments.

(c) *Dividend Expense*: This sub-account includes all expense arising in connection with the collection of dividends on stocks of other corporations; also all expense incurred in the investigation of the affairs of the corporation whose stocks are held, whether for the purpose of detecting mismanagement or for the purpose of inducing the declaration of dividends, and all expense connected with enforcing payment of dividends when declared. It does not include taxes on such investments.

(d) *Miscellaneous Non-Operating Expense*: This sub-account includes all non-operating expense which is not provided for in the foregoing sub-accounts.

(e) *Non-Operating Taxes*: This sub-account includes all taxes accruing upon non-operating property and all assignable to non-operating revenues.

(f) *Uncollectible Non-Operating Revenues*: When any non-operating revenues are judged by the corporation to be uncollectible, the amount thereof shall be credited to the account in which theretofore carried, and charged to this sub-account.

3. Income Deductions Defined.—The sum total of the credit balances in the revenue accounts for any particular operation at the close of a fiscal period gives the gross revenue from that

operation for that period. This gross revenue, diminished by operating expenses, taxes and uncollectible bills assignable to such operation for the period, gives the income from that operation for the period. Similarly, for the non-operating revenues, the non-operating expenses and the non-operating taxes. The aggregate of the incomes from the several operations and the non-operating income is the gross income applicable to corporate and leased properties. Gross income is ordinarily subject to various compulsory deductions, mostly contractual, which are hereinafter called *Income Deductions*, and for which the following accounts are provided:

511. INTEREST ACCRUED ON FUNDED DEBT.

Charge to this account monthly or quarterly all interest accrued on outstanding funded debt issued or assumed by the company, and credit the amount so charged to account No. 204, "Interest Accrued." This account does not include interest on securities held by the company in its treasury, in sinking or other reserve funds or pledged as collateral.

512. OTHER INTEREST DEDUCTIONS.

To this account should be charged monthly or quarterly all interest accrued on receiver's certificates and on all interest-bearing unfunded obligations of the accounting person or corporation.

513. RENT FOR LEASE OF OTHER ROAD AND EQUIPMENT.

To this account should be charged all amounts accrued against the accounting person or corporation for rent of road and equipment which it holds under some form of lease from another company or corporation and of which it has the exclusive possession. Taxes accrued on such road and equipment should not be charged to this account, but to the appropriate Taxes account. If under the contract of lease such taxes are payable by the lessor or reversioner, they should be credited to this account and charged to the appropriate Taxes account. When paid by the lessor or reversioner, they should be charged to its rent revenue account and not to its Taxes account, to the end that taxes upon such road and equipment may be reported by the corporation in possession.

514. MISCELLANEOUS RENT DEDUCTIONS.

To this account should be charged all rents payable accrued, not elsewhere provided for.

515. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE.

Charge to this account at or before the close of any fiscal period that proportion of the unamortized discount and debt expense on outstanding debt which is applicable to the period. This proportion should be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the discount at which such debt was issued and the debt expense connected therewith.

516. AMORTIZATION OF PREMIUM ON DEBT—CR.

Credit to this account at or after the close of any fiscal period the proportion of the premium received on outstanding debt at time of issue which is applicable to the period. This proportion is to be determined according to a rule, the uniform application of which during the interval between the issue and the maturity of any debt will completely amortize or wipe out the premium so received.

517. MISCELLANEOUS DEDUCTIONS FROM INCOME.

To this account should be charged all deductions from gross income which are in the nature of fixed charges and not otherwise provided for, such as those required by the terms of some contract, agreement or charter provision. Dispositions of income that rest solely in the discretion of the accounting person or corporation should be excluded herefrom. All such deductions are hereinafter provided for in the Appropriation accounts.

NOTE.—A complete analysis of this account will be required in the annual reports to the Board of Public Utility Commissioners.

4. Appropriation Accounts Defined.—The balance resulting from closing the foregoing income deduction accounts for any fiscal period into Gross Income for that period gives the Net Income for the period, which should be closed into "Corporate Surplus or Deficit" account. The group of accounts which show for any fiscal period the changes in the corporate surplus are designated the "Appropriation Accounts," for the reason that substantially all of them are subject only to the discretion of the corporation. At the end of each fiscal period, the several "Appropriation Accounts" should be closed into the "Corporate Surplus or Deficit" account.

521. MISCELLANEOUS ADDITIONS TO SURPLUS.

To this account should be credited all additions to surplus because of erroneous accounting in prior fiscal periods, the amount of bad debts written off subsequently collected, and all other additions to surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in the annual reports to the Board of Public Utility Commissioners.

522. EXPENSES ELSEWHERE UNPROVIDED FOR.

To this account should be charged all expenses not properly chargeable as a part of operating or non-operating expenses, such as fines levied on the corporation for violation of law, for misfeasance or non-feasance, etc., fines levied on directors, officers and other employees and assumed by the corporation, donations to funds, to churches and other associations and other like expenses and outgoes.

523. DIVIDENDS ON OUTSTANDING STOCKS.

When any dividend is declared upon any outstanding stock of the corporation, the amount of such dividend should thereupon be charged to this account. All entries to this account should show the amount of stock upon which the dividend is declared, the class of such stock, and the rate of the dividend as well as the amount thereof; and if the dividend is not payable in money the actual money value of the payment should be stated as the amount of the dividend.

524. MISCELLANEOUS APPROPRIATIONS.

Charge to this account monthly or quarterly all matters provided for under the following heads:

Amortization Elsewhere Unprovided for: This head includes such amortization as is not elsewhere provided for. This sub-account provides for all optional amortization, such as that of discount on stocks outstanding, abandoned property, etc.

Appropriations to Reserves: This head includes all optional appropriations to reserves.

Gifts to Controlled Corporations: This head includes all gifts made by the corporation to its controlled corporations, also such portions of all advances thereto as are not carried as assets.

Other Appropriations: This head includes all optional appropriations made by the corporation and not elsewhere provided for.

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NOTE.—A complete analysis of this account will be required in the annual reports of corporations to the Board of Public Utility Commissioners.

525. BAD DEBTS WRITTEN OFF.

Charge to this account the amount by which debts are written off from the accounts of the corporation when they become stale and are placed in the "bad debt" class.

526. OTHER DEDUCTIONS FROM SURPLUS.

Charge to this account all deductions from surplus because of erroneous accounting in prior fiscal periods and all other deductions from surplus not elsewhere provided for.

NOTE.—A complete analysis of this account will be required in the annual reports of corporations to the Board of Public Utility Commissioners.

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OPERATING REVENUE ACCOUNTS.

Operating Revenues Defined.—By *operating revenues*, as the word is used herein, are meant all amounts of money which the corporation receives or becomes lawfully entitled to recover for services rendered, for products sold, or as a return upon property used in its own operations.

I. REVENUES FROM TRANSPORTATION.

301. PASSENGER REVENUE.

This account includes amounts earned by a carrier for the transportation of passengers.

To this account should be credited a carrier's proportion of receipts from the sale of tickets and the collection of cash fares; also overcollections made in excess of determined rates, such overcollections to be held subject to claim. This account should be charged with amounts paid for fares refunded; tickets redeemed; also amounts paid for transferring passengers and baggage between stations or depots, except in cases where the transfer of both passengers and baggage is provided for in the division of the through rate.

NOTE A.—Cash fare penalty collections made by conductors and the proportion of amounts collected on sale of mileage tickets and mileage credentials subject to refund should not be credited to Passenger Revenue.

NOTE B.—Passenger Revenue should be credited with mileage tickets only as the mileage therefrom is honored for transportation. Receipts from mileage books when sold should be credited to an open account, which account should be charged and Passenger Revenue credited as the mileage is honored. A similar practice may be followed in connection with the sale of strip, coupon, and other tickets.

302. BAGGAGE REVENUE.

This account includes amounts earned by a carrier for the transportation of baggage in excess of free authorized allowances; also packages, articles, dogs, etc., transported as baggage. To this account should be charged all baggage refunds.

303. PARLOR, CHAIR AND SPECIAL CAR REVENUE.

This account includes amounts earned by a carrier in fares collected from passengers for seats in parlor, observation, chair and other special passenger cars operated by railway companies. This account also includes revenue from cars chartered for special passenger service. To this account should be charged authorized refunds and tickets redeemed.

304. MAIL REVENUE.

This account includes amounts earned by a carrier for the transportation of mails and for the use of railway post-office cars, special facilities and bonuses for special mail transportation. To this account should be charged fines and penalties imposed by the Government when not collected from agents or employees.

305. EXPRESS REVENUE.

This account includes amounts earned by a carrier for the transportation and for facilities on cars and at stations incident to the transportation of express matter, not including the separate rents of offices at stations. (See account No. 317, "Rents of Buildings and Other Property.")

When a railway company transacts an express business through its regular railway organization, the earnings therefrom should be credited to this account.

The term "express" is intended to cover matter handled at a higher rate than freight on account of quicker service or of collection and delivery.

306. MILK REVENUE.

This account includes amounts earned by a carrier for the transportation of milk and cream. To this account should be charged refunds and overcharges on milk and cream so carried.

307. FREIGHT REVENUE.

This account includes amounts earned by a carrier for the transportation of freight.

To this account should be credited a carrier's proportion of receipts for freight transportation; also overcollections made in excess of proper rates, such overcollections to be held subject to claim. To this account should be charged overcharges paid resulting from the use of erroneous rates, weights or classification; amounts paid for switching absorbed, authorized allowances, uncollected earnings on freight destroyed in transit and on short and lost freight; also uncollectible undercharges determined after delivery has been made.

308. SWITCHING REVENUE.

This account includes amounts earned by a carrier for switching service. To it should be charged all overcharges on such switching.

309. MISCELLANEOUS TRANSPORTATION REVENUE.

This account includes amounts earned by a carrier from transportation not otherwise provided for.

II. REVENUE FROM OPERATIONS OTHER THAN TRANSPORTATION.

310. STATION AND CAR PRIVILEGES.

This account includes a carrier's revenues from weighing, vending and other automatic machines located at stations; from advertising at stations and on cars; from news companies or others for the privilege of operating news stands at stations and selling papers, periodicals, fruit, etc., on cars; from telephone companies for the privilege of installing and operating commercial telephones at stations and from other similar sources.

311. PARCEL-ROOM RECEIPTS.

This account includes a carrier's revenues from the operation of parcel-rooms, the expenses of which are included in operating expenses.

312. STORAGE.

This account includes a carrier's revenues for storage of freight and baggage. To it should be charged authorized refunds.

313. CAR SERVICE.

This account includes amounts accruing as penalties for delay in loading or unloading cars (demurrage). To it should be charged authorized refunds.

314. TELEGRAPH AND TELEPHONE SERVICE.

This account includes a carrier's revenues from commercial telegraph and telephone business transacted by it when the expense of transacting such business cannot be separated from the expense of conducting the railway service; amounts received from telegraph and telephone companies, whether proportion of earnings or otherwise, for the privilege of transacting a commercial telegraph or telephone business in offices along the carrier's lines, when the carrier furnishes some service of its employees whose wages are included in operating expenses.

NOTE.—When a telegraph or telephone company rents the telegraph or telephone line of a carrier and pays all expenses incident to its maintenance and operation, the rent received should be treated as Income.

315. RENTS OF TRACKS AND TERMINALS.

This account includes all compensation received for the use of tracks, electric lines, terminals, and bridges, on whatever basis such compensation may be determined. It may be a fixed sum per annum or a fluctuating rent based upon the number of car-miles run, passengers carried, etc.

Income from leased lines not operated by the lessor should be included in Non-Operating Income.

316. RENTS OF EQUIPMENT.

This account includes all rent received for cars, electric equipment of cars and other equipment, on whatever basis such rent may be determined.

317. RENTS OF BUILDINGS AND OTHER PROPERTY.

This account includes a carrier's revenues from rents of buildings, land, and other property, such as depot and station grounds and buildings, general and other offices, rooms rented at stations, docks, wharves, ferry landings, section and other houses, etc., when such property is used in connection with operations.

NOTE.—Income from rent of real estate, purchased or conducted as an outside investment, should be included in Non-operating Income.

318. POWER.

SALE OF POWER.—This account includes all receipts from the sale of power, whether for lighting, heating or motive purposes. If the company conducts a general lighting and power business, as well as a railway business, the receipts from such lighting and power business should not be credited to this account, but to a separate account. The expenses of conducting such lighting and power business should be excluded from the operating expenses of the railway through the means of the several accounts entitled "Other Operations—Cr."

JOINT ELECTRIC RENT REVENUE.—When a carrier engages in the production of power for the benefit of another company or companies under an arrangement for the apportionment of expenses, if such arrangement provides for the receipt by the carrier of any profit or return upon its investment, such profit or return should be credited to this

account. Such profit or return must be over and above any provision for wear and tear and depreciation in the said production, and the amount thereof should be as provided in the arrangement under which the joint production occurs.

319. MISCELLANEOUS.

This account includes all revenue from operations other than transportation not included in the preceding revenue accounts.

OPERATING EXPENSE ACCOUNTS.

1. Operating Expenses Defined.—By *operating expenses* are meant such expenses as are necessary to the maintenance of the corporate organization, the rendering of services required or authorized by law, the sale of merchandise, the production (including herein property consumed) and disposition of the commodities produced, and to the collection of the revenues therefor. Expenses directly incident to the collection of non-operating revenues and the maintenance of the property from which non-operating revenues are derived should be excluded from operating expenses.

2. Definitions of Certain Terms Used in Connection with Expense Accounts.—Except where some other meaning is clearly specified in the definitions of the accounts, the following words, wherever used hereunder, have the meaning below stated:

Cost means cash or money cost, and not price based on a term of credit.

Labor means human services of whatever character.

Cost of labor includes wages, salaries, and fees paid to persons for their services; also their personal expenses when refunded by the company.

Cost of materials and supplies includes all specifically assignable transportation charges incurred in obtaining the delivery of such materials and supplies upon the premises of the purchaser, and cost of any special tests made thereon prior to their acceptance; and in case the accounting person or corporation desires, it may include a suitable proportion of store expenses (when the materials and supplies are passed through stores) and the cost of further transportation to the place of consumption, and a suitable proportion of the expenses of the purchasing department, in which case a corresponding credit should be made to the suitable expense account as hereinafter provided.

Cost of repairs, when made by the accounting person or corporation, includes cost of labor expended and material consumed, less salvage, if any.

For street railway operations are provided the following operating expense accounts:

I.—MAINTENANCE OF WAY AND STRUCTURES.

II.—MAINTENANCE OF EQUIPMENT.

III.—TRAFFIC.

IV.—CONDUCTING TRANSPORTATION.

V.—GENERAL AND MISCELLANEOUS.

I. MAINTENANCE OF WAY AND STRUCTURES.

401. SUPERINTENDENCE OF WAY AND STRUCTURES.

This account includes salaries and office and traveling expenses of officers and their assistants when directly in charge of maintenance of way and structures, including chief engineer, engineer maintenance of way, superintendent of electric line, superintendent of buildings, architect, division engineer, roadmasters, track foremen, and office and field forces; cost of drafting and engineering instruments and repairing same; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—It is not intended that any portion of expenses of general officers should be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Way and Structures," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

402. BALLAST.

This account includes all expenses incident to the purchase and production of ballast used for maintenance; purchase price of gravel, stone, slag, cinders, sand, and other material used for ballast, including freight charges, if any; payments for gravel and quarry rights, and privileges; expenses of sinking test holes; stripping, blasting, loading, and other expenses in connection with production of ballast.

NOTE A.—The cost of labor delivering, unloading, and putting ballast into track should be charged to Account No. 408, "Roadway and Track Labor."

NOTE B.—In cases of ballast produced, an account should be opened in order to determine the unit of cost which is to be used in arriving at the monthly charge to operating expenses on account of ballast used.

NOTE C.—The cost of ties, rails, and rail fastenings and joints in gravel pits should be excluded from Accounts No. 403, "Ties"; No. 404, "Rails," and No. 405, "Rail Fastenings and Joints."

403. TIES.

This account includes cost of ties and timbers used to renew cross, switch, and bridge ties; head blocks, and railway crossing timbers for main and repair tracks, sidings, and spurs; in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection.

NOTE.—The cost of labor unloading, distributing, and putting ties in track should be charged to Account No. 408, "Roadway and Track Labor."

404. RAILS.

This account includes cost of rails used to renew main and repair tracks, sidings, and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection; also of guard rails used in track.

NOTE.—The cost of labor unloading, distributing, and laying rails in track should be charged to Account No. 408, "Roadway and Track Labor."

405. RAIL FASTENINGS AND JOINTS.

This account includes cost of rail fastenings and joints used for repairs and renewals including fish plates, braces, tie plates, tie-rods, nuts, bolts, spikes, cost of welded joints, etc., for main and repair tracks, sidings and spurs; tracks in tunnels, stations, shop and other yards; on piers, wharves, track scales, inclines, bridges, trestles, and culverts; in carhouses, shops, and storehouses, and on transfer tables and turntables, including freight and inspection.

NOTE.—The cost of applying rail fastenings and joints should be charged to Account No. 408, "Roadway and Track Labor."

406. SPECIAL WORK.

This account includes cost of material used in repairing and renewing special work, including steam and street railroad crossings, cross-overs, curves, frogs, run-offs, switches, switch-mates, and turn-outs, and freight and inspection.

NOTE.—The cost of labor in connection with this work should be charged to Account No. 408, "Roadway and Track Labor."

407. UNDERGROUND CONSTRUCTION.

This account is to be used only by railways operated by underground electric contact system, or by those operated by cable traction. It includes cost of material used in repairing and renewing yokes, concrete work, manhole frames and covers, slot rails, drainpipes, pulleys and sheaves, and other fixtures and appurtenances peculiar to underground electric or cable construction.

NOTE A.—The cost of labor in connection with this work should be charged to Account No. 408, "Roadway and Track Labor."

NOTE B.—The cost of repairing and renewing track rails, track rail fastenings and joints, and electric contact rails and insulators and cables of cable railways should not be charged to this account.

408. ROADWAY AND TRACK LABOR.

This account includes cost of all labor used in unloading, distributing, and placing ballast; renewing and relaying ties; repairing, renewing, and relaying rails; repairing, renewing, and replacing rail fastenings and joints; repairing, renewing, and replacing special work, and repairing, renewing, and replacing underground construction; also that used in grading, aligning, surfacing and gauging tracks; taking up track, whether another is laid to replace it or not; constructing and cleaning tile and open ditches; protecting banks by retaining walls, riprap, piling, piers, dikes, or other means; patrolling, inspecting, and watching track, and other miscellaneous roadway and track labor.

409. PAVING.

This account includes cost of material used and labor expended in repairing and renewing paving, including granite, wood, brick, and asphaltum pavement; sand and concrete work made necessary by repairs and renewals of paving; hauling and distributing material; also cost of removing old material.

Repairs and renewals of street paving required by municipalities in connection with roadway and track should be charged to this account.

410. MISCELLANEOUS ROADWAY AND TRACK EXPENSES.

This account includes cost of roadway tools when chargeable to expenses and cost of all material used and labor

expended in repairing and renewing all tools, implements, flags, lanterns, etc., used in repairing roadway and track; also any other material, supplies, and incidental expenses that are not properly chargeable to any of the other accounts under maintenance of roadway and track.

411. CLEANING AND SANDING TRACK.

This account includes cost of material used and labor expended in cleaning, greasing, watering, sprinkling, and oiling roadway and tracks; sanding track; cost of sand and of hauling, drying and distributing same; cost of track brooms and other cleaning and sanding tools and apparatus; curve grease, water for sprinkling and watering track; oil for oiling roadbed, and all other supplies and expenses incident to the work.

Repairs of sprinkling and sand cars used in connection with this work should be charged to Account No. 435, "Service Cars."

Repairs of wagons and harness used in connection with this work should be charged to Account No. 440, "Repairs of Vehicles."

Cost of sprinkling rendered necessary by repairs or construction of track or pavement should be charged to the proper maintenance or construction account.

412. REMOVAL OF SNOW, ICE AND SAND.

This account includes cost of material used and labor expended for removal of snow, ice and sand from tracks, whether done by the company or otherwise, including tools and expenses, cost of salt and delivering same in carhouses or bins, the wages of men engaged in salting track and operating snow plows, sweepers, scrapers, etc.

Repairs of salt cars, snowplows, sweepers, scrapers and miscellaneous snow and sand equipment used in connection with this work should be charged to account No. 435, "Service Cars."

Repairs of wagons and harness used in connection with this work should be charged to account No. 440, "Repairs of Vehicles."

413. TUNNELS.

This account includes cost of material used and labor expended in repairing tunnels; pay of tunnel watchmen and cost of supplies used by them; cleaning, repainting, and whitewashing; and maintenance of lighting, ventilating and drainage systems. This account does not include repairs of roadway, tracks or electric feeder and contact lines through tunnels.

414. ELEVATED STRUCTURES AND FOUNDATIONS.

This account is intended to be used only by companies operating an elevated railway system, and should include cost of all material used and labor expended in repairing elevated structures and their foundations.

415. BRIDGES, TRETTLES AND CULVERTS.

This account includes cost of all material used and labor expended in repairing bridges, trestles, culverts (both substructure and superstructure), piers, abutments, masonry and drain pipes, including repairs made necessary by wash-outs; retaining walls, riprapping and dikes necessary to protect or strengthen bridges and culverts against ice, water or drift; guards on bridges, framing ties for bridges; bridge signs or number boards; cost of cleaning channels under bridges and cleaning culverts; altering and bracing bridges and trestles during progress of filling; cost of removing old bridges in connection with construction of new bridges, and constructing and removing temporary or false work used in repairing and renewing bridges and culverts; also pay of bridge foreman and bridge watchman and cost of all supplies used by them, and pay of bridge inspectors and expenses incident to bridge inspection.

NOTE.—Any structure carrying tracks over other tracks, a stream, highway or canal should be considered a bridge or a culvert. The cost of maintaining structures carrying other tracks, canals, highways, etc., over a carrier's tracks should be charged to Account No. 416, "Crossings, Fences, Cattle Guards and Signs."

416. CROSSINGS, FENCES, CATTLE GUARDS AND SIGNS.

This account includes cost of material used and labor expended in repairing street, road and farm crossings at

grade, overhead bridges and viaducts, roadways of undergrade foot or wagon crossings, crossing gates and warning signals, cost of drainage and excavations for undergrade crossings and payments and assessments for street repairs or sewers at crossings. (Street repairs or sewers within the limits of shop grounds or immediately adjacent to station buildings should be charged to account No. 425, "Buildings and Structures.")

This account also includes cost of material used and labor expended in repairing and renewing right of way fences, snow and sand fences, cattle guards, wing fences, aprons and hedges; and mile, section, warning and other roadway signs.

417. SIGNAL AND INTERLOCKING SYSTEM.

This account includes cost of material used and labor expended in repairing buildings and appliances of interlocking systems, semaphores, block and other signal systems, and all machinery, such as air compressors, levers, boilers, dynamos, engines and machinery and fixtures used in connection therewith.

NOTE A.—This account does not include the cost of track material proper, required in connection with interlockers, such as switches, special track fastenings, split rails, frogs, etc., the cost of which should be charged to proper maintenance of way accounts.

NOTE B.—Rent of appliances for signal and interlocking systems should be charged to Account No. 468, "Operation of Signal and Interlocking Systems."

NOTE C.—If signal wires are attached to poles and fixtures used for other purposes, the cost of such poles and fixtures should be charged to Account No. 420, "Poles and Fixtures."

418. TELEPHONE AND TELEGRAPH SYSTEMS.

This account includes cost of material used and labor expended in repairing and renewing telephone and telegraph systems owned by the company or for which it is responsible, including conduits, poles, cross-arms, insulators, wires, cables, cable boxes, instruments, battery jars, switchboards, and all other appurtenances forming a part of the telephone and telegraph systems.

NOTE A.—Rent of telephone and telegraph systems should be charged to Account No. 469, "Operation of Telephone and Telegraph Systems," or to Account No. 479b, "Miscellaneous General Expenses."

NOTE B.—If telephone or telegraph wires are carried on poles and

fixtures or in conduits used for other purposes, the cost of such poles and fixtures or conduits should be charged to Account No. 420, "Poles and Fixtures," or Account No. 421, "Underground Conduits."

419. OTHER MISCELLANEOUS WAY EXPENSES.

This account includes all expenses in connection with maintenance of way not properly chargeable to other accounts.

420. POLES AND FIXTURES.

This account includes cost of material used and labor expended in setting, repairing and renewing poles, cross-arms and insulating pins, brackets and other pole fixtures, braces and other supports for holding the poles in position; also structures maintained primarily for supporting the overhead electric construction.

This account does not include insulators.

421. UNDERGROUND CONDUITS.

This account includes cost of all material used and labor expended in repairing and renewing conduits required for underground wires and cables, including manholes, sewer connections, sewer traps and all other material necessary to the maintenance of the conduit system.

422. TRANSMISSION SYSTEM.

This account includes cost of material used and labor expended in repairing and renewing the high-tension transmission system, including cables, wires, insulators, and insulating material; also cost of changing route of line or removing line when no replacement is made.

NOTE.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any), shall be classed wholly as the "Distribution System."

423. DISTRIBUTION SYSTEM.

This account includes cost of material used and labor expended in repairing and renewing the distribution system, as follows:

- (a) Overhead feeders for transmitting low-tension power from power stations and sub-stations, including insulators and connections.
- (b) Underground feeders for transmitting low-tension power from power stations and sub-stations, including insulators and connections.
- (c) Track bonding, including track bonds, cost of punching and drilling rails for track bonds and testing for defective bonding.
- (d) Overhead trolley, including cost of trolley, guard, span, strain, supplementary and other wires, and all catenary construction used in connection with the overhead trolley system.
- (e) Third-rail, including cost of third-rail, braces and supports for same, insulating devices, material used for covering and protecting same, and all fixtures and appliances connected with third-rail conductors.
- (f) Underground contact rails, including cost of contact rails and appliances in underground contact systems, including rails, braces, supports and insulating devices.

NOTE.—In electric railway operations, when the electric current generated (or received) is changed by means of (a) rotary converters or (b) motor generator sets or (c) static transformers (sub-station apparatus), that portion of the line (or outside conductor system) carrying current of other than the operating kind or voltage shall be classed as the "Transmission System." Tie lines between generating stations and sub-stations shall follow the same rule as other lines.

When the electric current is generated (or received) and used substantially unchanged in voltage and kind, the line (or outside conductor system), including feeders, trolley wire, booster circuits, and supplementary return (if any) shall be classed wholly as the "Distribution System."

424. MISCELLANEOUS ELECTRIC LINE EXPENSES.

This account includes all expenses in connection with maintenance of electric line not properly chargeable to other accounts.

425. BUILDINGS AND STRUCTURES.

This account includes cost of material used and labor expended in repairing buildings and structures used in the operation of the road; cost of fixtures and repairs and renewals of same; cost of maintaining walks, driveways and

grounds connected with buildings; cost of delivering material, including freight charges, if any, and all incidental expenses connected with the maintenance of buildings and structures.

The term "Building and Structures," in addition to embracing the buildings proper, is understood to include fixtures when immovable and built in as a part of the structure; pipes for gas, water, sewerage, and drainage; apparatus for heating, lighting and ventilating; freight and passenger elevators with fixtures and appurtenances; platforms; appliances for protecting buildings against fire; fences, walls, sidewalks and pavements within the limit of grounds immediately adjacent to buildings or yards, except paving in tracks.

The cost of repairs and renewals of tracks and electric line in buildings, yards and grounds should be charged to the proper accounts under maintenance of way or maintenance of electric line.

Repairs of buildings and structures may, if desired, be further classified under the following headings, which shall be the titles of sub-accounts set up hereunder:

- (a) Power plants.
- (b) Sub-stations, including storage-battery buildings.
- (c) Car houses.
- (d) Shops.
- (e) General offices.
- (f) Stations, waiting-rooms and platforms.
- (g) Docks and wharves.
- (h) Miscellaneous buildings and structures.
- (i) All expenses in connection with maintenance of buildings and structures not properly chargeable to any of the foregoing sub-divisions.

426. DEPRECIATION OF WAY AND STRUCTURES.

Charge to this account monthly or quarterly the amount estimated to be necessary to cover such wear and tear, obsolescence and inadequacy, as have accrued during the period on all WAY AND STRUCTURES of the accounting corporation, less an amount equal to the sum of the amounts charged during that period to the various repair accounts in "MAINTENANCE OF WAY AND STRUCTURES."

NOTE.—Until otherwise prescribed, the "amount estimated to be necessary to cover such wear and tear and obsolescence and in-

adequacy as have accrued during" any month shall be based on a rule to be determined by the accounting corporation. Such rule may be derived from consideration of the said corporation's history and experience. A general statement of the rule in use by each company, together with the general information upon which it is based, is to be filed with the Board of Public Utility Commissioners.

427. OTHER OPERATIONS—DR.

CO-ORDINATE DEPARTMENTS.—This account includes the proportion of operating expenses chargeable to maintenance of way and structures of the railway department, but the distributed charges for which are made to the primary accounts of another co-ordinate department, such as electric light, heat, power, or gas, within the same company.

JOINT ARRANGEMENTS.—In case the carrier receives power or other products from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to maintenance of way and structures should be included in this account and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 456, "Power Purchased."

428. OTHER OPERATIONS—CR.

CO-ORDINATE DEPARTMENTS.—To this account should be credited the proportion of operating expenses chargeable to maintenance of way and structures of other co-ordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

JOINT ARRANGEMENTS.—In case the carrier produces power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of the property used in such production, the proportion of operating expenses chargeable against such company for maintenance

of way and structures should be credited to this account and the profit or return upon the value of property used in such production should be included under Revenue Account No. 318, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 318, "Power."

II. MAINTENANCE OF EQUIPMENT.

429. SUPERINTENDENCE OF EQUIPMENT.

This account includes salaries and office and traveling expenses of officers and their assistants when directly in charge of equipment, including superintendent of equipment, mechanical engineer, electrical engineer, superintendent of rolling stock, master car builder, master mechanic, general foremen and their office forces; cost of drafting and engineering instruments and repairing same; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses, when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—It is not intended that any portion of expenses of general offices should be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Equipment," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

430. POWER-PLANT EQUIPMENT.

This account includes cost of material used and labor expended in repairing steam, water-power, gas-engine, or electric plant equipment, including turbines, other engines and engine parts, appliances and fixtures, belts, belt tighteners and fixtures, lubricators and oiling devices; shafting, clutches, cranes, hoists, and other engine-room appliances; boilers, boiler fittings, and appliances; furnaces, economizers, mechanical-draft machinery, pumps, feed-water heaters; purifiers, tanks, condensers, coal and ash conveying machinery, mechanical stokers, and other boiler-room appliances; piping and steam fittings, including valves, sep-

arators, water and sewer connections, and water meters; generators and generator parts, switchboards, cables and feeder terminals, and wiring in connection with same; boosters, rheostats, circuit-breakers, volt-meters, ammeters, and other electric equipment.

NOTE.—Repairs and renewals of cable used in operating cable or incline railways should be charged to this account.

431. SUB-STATION EQUIPMENT.

This account includes cost of material used and labor expended in repairing sub-station apparatus, including storage batteries, transformers, rotary converters, oil switches, switchboards and switchboard appliances, and wiring in connection with same.

432. PASSENGER AND COMBINATION CARS.

This account includes cost of material used and labor expended in repairing passenger and combination cars.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electrical equipment of the car. The term "combination car" includes all cars that are used in part for carrying passengers.

The cost of shifting trucks from one car to another should be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

433. FREIGHT, EXPRESS AND MAIL CARS.

This account includes cost of material used and labor expended in repairing freight, express, and mail cars, from the operation of which revenue is derived.

The term "car" includes body and trucks, and all fixtures and appliances inside of or attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks from one car to another should be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

434. LOCOMOTIVES.

This account includes cost of material used and labor expended in repairing locomotives.

The term "locomotive" includes body and trucks, and all fixtures and appliances inside of or attached to the body or trucks, except the electric equipment of locomotives.

The cost of shifting trucks from one locomotive to another should be charged to this account.

NOTE.—Incandescent lamps and other supplies for locomotives should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

435. SERVICE CARS.

This account includes cost of material used and labor expended in repairing service cars, including water cars, sprinkler cars, sand cars, salt cars, supply cars, line cars, snow-plows, sweepers, scrapers, and other work, sand and snow equipment.

The term "car" includes body and trucks, and all fixtures and appliances attached to the car body or trucks, except the electric equipment of the car.

The cost of shifting trucks from one car to another should be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

436. ELECTRIC EQUIPMENT OF CARS.

This account includes cost of material used and labor expended in repairing the electric equipment and wiring of all passenger, combination, freight, express, mail, and service cars.

The cost of shifting the electric equipment from one car to another should be charged to this account.

NOTE.—Incandescent lamps and other supplies for cars should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

437. ELECTRIC EQUIPMENT OF LOCOMOTIVES.

This account includes cost of material used and labor expended in repairing the electric equipment and wiring of locomotives.

The cost of shifting the electric equipment from one locomotive to another should be charged to this account.

NOTE.—Incandescent lamps and other supplies for locomotives should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

438. SHOP MACHINERY AND TOOLS.

This account includes cost of material used and labor expended in repairing machinery and tools in shops and carhouses, such as engines and boilers, shafting and belting; cranes, hoists, jacks, and other equipment used in connection therewith; furnaces, forges, lathes, shapers, drill presses, wheel grinders and wheel presses, planers, etc.

439. SHOP EXPENSES.

This account includes all expenditures for heating and lighting repair shops; miscellaneous expenses of such shops, including fuel, water, and ice; oil, grease, waste, and other material used in lubricating shop machinery and tools; cost of supplies and small hand tools used by mechanics and wages of employees making and repairing same; wages of stationary engineers and firemen; watchmen, sweepers, cleaners, and other unskilled laborers employed in general work in and about shops and yards.

440. REPAIRS OF VEHICLES.

This account includes cost of material used and labor expended in repairing harness, automobiles, repair, emergency, tower, and other service wagons, sleds, sleighs, omnibuses, and other vehicles.

441. OTHER MISCELLANEOUS EQUIPMENT EXPENSES.

This account includes all expenses in connection with maintenance of equipment not properly chargeable to other accounts.

442. DEPRECIATION OF EQUIPMENT.

Charge to this account monthly or quarterly the amount estimated to be necessary to cover such wear and tear, obsolescence and inadequacy as have accrued during the period on all EQUIPMENT, less an amount equal to the sum of the amounts charged for that period to the various repair accounts in "MAINTENANCE OF EQUIPMENT."

See NOTE UNDER ACCOUNT 426.

443. OTHER OPERATIONS—DR.

CO-ORDINATE DEPARTMENTS.—This account includes the proportion of operating expenses chargeable to maintenance of equipment of the railway department, but the distributed charges for which are made to the primary accounts of another co-ordinate department, such as electric light, heat, power, or gas, within the same company.

JOINT ARRANGEMENTS.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to maintenance of equipment should be included

in this account and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 456, "Power Purchased."

444. OTHER OPERATIONS—CR.

CO-ORDINATE DEPARTMENTS.—To this account should be credited the proportion of operating expenses chargeable to maintenance of equipment of other co-ordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

JOINT ARRANGEMENTS.—In case the carrier produces power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable against such company for maintenance of equipment should be credited to this account and the profit or return upon the value of property used in such production should be included under Revenue Account No. 318, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 318, "Power."

III. TRAFFIC.

445. SUPERINTENDENCE AND SOLICITATION.

This account includes salaries and office and traveling expenses of officers and their assistants when directly in charge of traffic, including traffic managers, general freight, express, passenger, and ticket agents, commercial, city, district, and excursion agents, their clerks and assistants; cost of supplies used by employees whose salaries are charged to this account; office rent and cost of repairing rented offices,

and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

NOTE A.—It is not intended that any portion of expenses of general offices should be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Traffic," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

446. ADVERTISING.

This account includes the salaries and expenses of advertising agents; cost of bill posting, and printing, publishing, and distributing passenger time-tables, folders, notices to shippers, and other advertising matter; advertising in newspapers and periodicals for the purpose of securing traffic; bulletin boards, cards, cases, display cards, photographs, and postage and express charges on advertising matter; net expense of music, parks, park properties and resorts (after deducting all income from admittance fees, sale of privileges, etc.), when such expense is incurred primarily for the purpose of attracting traffic and not as an investment; donations made for traffic purposes, and other expenses for attracting traffic.

447. MISCELLANEOUS TRAFFIC EXPENSES.

This account includes expenses of traffic associations, including membership fees, and all other traffic expenses not properly chargeable to other accounts.

IV. CONDUCTING TRANSPORTATION.

448. SUPERINTENDENCE OF TRANSPORTATION.

This account includes salaries and office and traveling expenses of officers and assistants when directly in charge of transportation, including superintendent of power, superintendent of transportation, division superintendents, their assistants and aids; train masters, train dispatchers, car starters, inspectors, instructors, and others employed in superintending transportation; cost of supplies used by employees whose salaries are charged to this account; office rent, cost of repairing rented offices, and miscellaneous office expenses when separate offices are maintained by officers whose salaries are charged to this account.

Cost of secret service inspection should be charged to Account No. 463, "Miscellaneous Car-Service Expenses."

NOTE A.—It is not intended that any portion of expenses of general offices should be charged to this account.

NOTE B.—When employees enumerated above are engaged in work not chargeable to "Conducting Transportation," their salaries and expenses should be charged to the specific work on which engaged.

NOTE C.—When employees enumerated above have supervision over other departments also, their salaries and expenses should be apportioned among the departments over which they have jurisdiction.

GROUP I.—POWER.

449. POWER-PLANT EMPLOYEES.

This account includes all expenditures for labor in power plants, except labor employed in making repairs and renewals.

NOTE.—Wages of sub-station employees should be charged to Account No. 450, "Sub-station Employees."

450. SUB-STATION EMPLOYEES.

This account includes all expenditures for labor in sub-stations, except labor employed in making repairs and renewals.

451. FUEL FOR POWER.

This account includes all expenditures for coal, oil, gas, and other fuel used at power plants, including transportation.

452. WATER FOR POWER.

This account includes all expenditures for water used to produce steam or to operate a water-power plant, including pumping, rent of ponds, streams, and pipe lines; also water rents, boiler compound, and other like expenses.

453. LUBRICANTS FOR POWER.

This account includes all expenditures for lubricants for power plants, including oil, grease, etc.

NOTE.—Lubricants for sub-stations should be charged to Account No. 455, "Sub-station Supplies and Expenses."

454. MISCELLANEOUS POWER-PLANT SUPPLIES AND EXPENSES.

This account includes cost of waste, carbon brushes, fuses, lamps, and other supplies and expenses of power plants.

455. SUB-STATION SUPPLIES AND EXPENSES.

This account includes all expenditures for lubricants, waste, carbon brushes, fuses, lamps, water, and other supplies and expenses of sub-stations.

456. POWER PURCHASED.

This account includes all expenditures for power purchased from other companies.

NOTE.—In this connection see Account No. 457, "Power Exchanged—Balance."

457. POWER EXCHANGED—BALANCE.

If a company actually exchanges power with another company, it should charge to this account the value of the power received from the other company, and should credit to this account the value of the power it delivers to the other company, and the amount shown as an operating expense should be the net debit or credit balance.

458. OTHER OPERATIONS—DR.

CO-ORDINATE DEPARTMENTS.—This account includes the proportion of operating expenses chargeable to conducting transportation of the railway department, but the distributed charges for which are made to the primary accounts of another co-ordinate department, such as electric light, heat, power, or gas, within the same company.

JOINT ARRANGEMENTS.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to conducting transportation should be included in this account, and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 456, "Power Purchased."

459. OTHER OPERATIONS—CR.

CO-ORDINATE DEPARTMENTS.—To this account should be credited the proportion of operating expenses chargeable to conducting transportation of other co-ordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

JOINT ARRANGEMENTS.—In case the carrier produces power or other product for another company under any

joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable against such company for conducting transportation should be credited to this account, and the profit or return upon the value of property used in such production should be included under Revenue Account No. 318, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 318, "Power."

GROUP II.—OPERATION OF CARS.

460. PASSENGER CONDUCTORS, MOTORMEN, AND TRAINMEN.

This account includes wages of conductors, motormen, and other trainmen engaged in passenger service.

461. FREIGHT AND EXPRESS CONDUCTORS, MOTORMEN AND TRAINMEN.

This account includes wages of conductors, motormen, and other trainmen engaged in freight, express and mail service.

462. MISCELLANEOUS CAR-SERVICE EMPLOYEES.

This account includes the wages of transfer agents, switch tenders, switchmen, flagmen, watchmen, trail-car couplers, bridge tenders, and other miscellaneous car-service employees.

463. MISCELLANEOUS CAR-SERVICE EXPENSES.

This account includes all expenditures for lubricants and waste for cars and electric equipment of cars; incandescent lamps, oil, and other supplies for lighting cars; supplies for cleaning cars; fuel for heating cars; tools and other materials and supplies, except such as are used for repairs or renewals of cars or electric equipment of cars; cost of tickets, transfers, and baggage checks; secret inspection; conductors' books; punches; portable registers; tools for motormen, car-service employees' badges and uniforms, and all other car-service supplies and expenses.

Similar expenditures for locomotive and electric equipment of locomotives should be charged to this account.

464. STATION EMPLOYEES.

This account includes wages of stationmasters, freight; express, ticket, baggage, and other station agents; announcers; station gatemen; choppermen; platform men; janitors, porters, watchmen, and other station employees; warehousemen; freighthouse foremen; truckmen, checkmen, and other express and freighthouse employees.

465. STATION EXPENSES.

This account includes expenditures for heating and lighting stations, waiting rooms; freighthouses, and other station buildings; rent of station buildings; furniture; tools, and implements for handling freight and baggage; station employees' uniforms and badges; water, ice, and all other station expenses.

466. CARHOUSE EMPLOYEES.

This account includes wages of carhouse foremen; watchmen; car placers; car shifters; car, motor, and brake inspectors; car cleaners; lamp and headlight tenders; car oilers; car-stove firemen; trolley oilers, and other carhouse employees not engaged in making repairs or renewals. The cost of labor used in shifting trucks and electric equipment should not be charged to this account, but to account No. 432, 433, 434, 435, 436, or 437.

467. CARHOUSE EXPENSES.

This account includes cost of fuel, light, water, ice, and all other carhouse supplies and expenses.

468. OPERATION OF SIGNAL AND INTERLOCKING SYSTEMS.

This account includes wages of employees engaged in operating signal and interlocking systems covering the movement of cars, such as towermen, signalmen, levermen, and lampmen; cost of supplies used in operating signal and interlocking systems; cost of fuel, water, light, and supplies for signal offices.

469. OPERATION OF TELEPHONE AND TELEGRAPH SYSTEMS.

This account includes the wages of telephone and telegraph operators; cost of chemicals and other supplies for telephone and telegraph service; payments for use of telephone and telegraph lines, and other telephone and telegraph

expenses in connection with transportation. Repairs and renewals of telephone and telegraph systems should not be charged to this account but to Account No. 418, "Telephone and Telegraph Systems." The cost of telephone service for general purposes should be charged to Account No. 479b, "Miscellaneous General Expenses."

470. EXPRESS AND FREIGHT COLLECTIONS AND DELIVERY.

This account includes the wages of drivers and helpers employed on wagons which are used for the collection and delivery of express matter; amounts paid for handling express matter in wagons or other vehicles, and other expenses incident to the collection and delivery of express matter, not included in Account No. 440, "Repairs of Vehicles," or No. 486, "Stable Expenses."

471. LOSS AND DAMAGE.

This account includes all expenditures for loss, damage, delays, and destruction of freight, express, and baggage intrusted to a carrier for transportation, and all expenses directly incident thereto.

472. OTHER TRANSPORTATION EXPENSES.

This account includes cost of getting derailed cars on track and removing obstructions and wreckage, and all other expenses in connection with conducting transportation not properly chargeable to other accounts.

V. GENERAL AND MISCELLANEOUS.

473. SALARIES AND EXPENSES OF GENERAL OFFICERS.

This account includes salaries and traveling and incidental expenses of chairman of the board, president, vice-president, treasurer, secretary, comptroller, auditor, general manager, assistant general manager, chief engineer, general superintendent, purchasing agent, and all other officers when their jurisdiction extends over the entire system.

474. SALARIES AND EXPENSES OF GENERAL OFFICE CLERKS.

This account includes the salaries and traveling and incidental expenses of traveling auditors, bookkeepers, cashiers,

paymasters, stenographers, clerks employed in counting cash, tickets, and transfers, and all other clerks employed in the general office.

475. GENERAL OFFICE SUPPLIES AND EXPENSES.

This account includes the cost of office supplies, repairs and renewals of office furniture; wages of janitors, porters, and messengers; rent, and all other miscellaneous expenses of general offices. Office expenses of departmental officers should be charged to the proper accounts.

476. LAW EXPENSES.

This account includes all law expenses except those incurred in the defense and settlement of damage claims. It includes salaries and expenses of all counsel, solicitors, and attorneys, their clerks, and attendants, and expenses of their offices; cost of law books, printing briefs, legal forms, testimony, reports, etc.; fees and retainers for services of attorneys not regular employees; court costs and payments of special, notarial, and witness fees not provided for elsewhere; expenses connected with taking depositions, and all law and court expenses not provided for elsewhere.

The compensation of the general solicitor or counsel or other attorneys engaged partly in the defense and settlement of damage suits and partly in other legal work, should be apportioned between this account and Account No. 482, "Injuries and Damages."

477. RELIEF DEPARTMENT EXPENSES.

This account includes all salaries and expenses incurred in connection with conducting a relief department; also contributions made to such department.

478. PENSIONS.

This account includes all pensions paid to retired employees, and expenses in connection therewith.

479. MISCELLANEOUS GENERAL EXPENSES.

(a) *Miscellaneous Adjustments—Balance.* At least once a year an inventory of materials and supplies should be taken and the difference (in respect of any particular class of materials and supplies) between the ledger and inventory balances should be debited or credited to this account in case it cannot be assigned to a specific account. To this account should be credited all discounts recovered

through the prompt payment of bills for materials and supplies consumed in operation, unless such discounts are applied to the particular bills.

(b) *Other Miscellaneous General Expenses.* To this account should be charged the cost of telephone service, telegrams, and other miscellaneous expenses connected with the general management not otherwise provided for.

480. OTHER OPERATIONS—DR.

CO-ORDINATE DEPARTMENTS.—This account includes the proportion of operating expenses chargeable to general and miscellaneous expenses of the railway department, but the distributed charges for which are made to the primary accounts of another co-ordinate department, such as electric light, heat, power, or gas, within the same company.

JOINT ARRANGEMENTS.—In case the carrier receives power or other product from another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable to general and miscellaneous expenses should be included in this account and the profit or return upon the value of property used in such production should be included under "Deductions from Income."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount paid is to be treated as an operating expense chargeable to Account No. 456, "Power Purchased."

481. OTHER OPERATIONS—CR.

CO-ORDINATE DEPARTMENTS.—To this account should be credited the proportion of operating expenses chargeable to general and miscellaneous expenses of other co-ordinate departments, such as electric light, power, heat, or gas, within the same company, but the distributed charges for which are made to the primary accounts of the railway department.

JOINT ARRANGEMENTS.—In case the carrier produces power or other product for another company under any joint arrangement for the sharing of operating expenses and for a profit or return upon the value of property used in such production, the proportion of operating expenses chargeable against such company for general and miscellaneous expenses should be credited to this account and

the profit or return upon the value of the property used in such production should be included under Revenue Account No. 318, "Power."

If the joint arrangement does not provide for the separation of operating expenses and profit or return upon the value of property used in such production, the entire amount received should be treated as revenue from power and credited to Revenue Account No. 318, "Power."

482. INJURIES AND DAMAGES.

This account includes all expenditures on account of persons killed or injured and property damaged; salaries and expenses of claim agents, investigators, adjusters, and others engaged in the investigation of accidents and adjustment of claims; salaries, fees, and expenses of surgeons and doctors; nursing, hospital attendance, medical and surgical supplies; fees, and expenses of coroners and undertakers; fees of witnesses and others; law expenses incurred in connection with the defense or settlement of damage claims, including the compensation of general solicitor or counsel; salaries, fees, and expenses of attorneys, fees of court stenographers; cost of law books, printing of briefs, court and other records; court costs, expenses connected with making depositions, and all other like expenses connected with the settlement of claims for injuries and damages.

The compensation of the general solicitor or counsel and other attorneys engaged partly in the defense or settlement of damage suits and partly in other legal work should be apportioned between this account and Account No. 476, "Law Expenses."

If it is desired that the charge to operating expenses on account of injuries and damages shall be upon some arbitrary basis, the amount so charged should be credited to a reserve account, and the actual disbursements above enumerated should be charged against said reserve account.

This account does not include the expenses incurred in connection with the settlement of claims for loss, damage, or delay of goods intrusted for transportation. (See Account No. 471, "Loss and Damage.")

483. INSURANCE.

This account includes premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglary, and all other insurance.

The amount set aside as an insurance reserve by a company carrying its own insurance in whole or in part, should be charged to this account.

484. STATIONERY AND PRINTING.

This account includes all expenditures for stationery and printing, including postage and stationery supplies, except as hereinafter provided. The cost of printing tickets, transfers, and baggage checks should be charged to Account No. 463, "Miscellaneous Car-Service Expenses." The cost of printing briefs and other legal papers should be charged to Account No. 476, "Law Expenses," or No. 482, "Injuries and Damages." The cost of printing signs, posters, and other advertising matter, should be charged to Account No. 446, "Advertising." The cost of mechanical calculators, typewriters, duplicating machines, and other office appliances if for use of general office should be charged to Account No. 475, "General Office Supplies and Expenses," or if for the use of departmental offices, to the proper accounts.

485. STORE EXPENSES.

This account includes all salaries and expenses in connection with storerooms, including cost of sending material and supplies from general storerooms to branch storerooms, and the collection of scrap material.

486. STABLE EXPENSES.

This account includes the cost of feed, keep, and shoeing of horses, wages of stablemen and hostlers, veterinary expenses, and all other stable expenses. This account should include the stable expenses of all horses, regardless of where they are used. Repairs of harness and vehicles, should be charged to Account No. 440, "Repairs of Vehicles."

487. RENT OF TRACKS AND TERMINALS.

This account includes all payments to other companies for rent or use of their tracks, whether on the basis of a fixed charge per month or per year, or a proportion of interest on valuation or a proportion of expenses incurred in maintaining and operating such tracks or on a car-mileage basis or a charge per car or passenger, or by any other arrangement. Also payments for use of facilities at terminal points, in-

cluding main and other tracks, and freighthouse facilities, proportion of expenses of handling freight, union station facilities, etc.

Rent of leased line no longer operated by the lessor company is not considered an operating expense, and should, therefore, not be charged to this account, but treated as a deduction from income under "Rents of Leased Lines."

488. RENT OF EQUIPMENT.

This account includes payments to other companies for rent or use of their cars, electric equipment of cars, and other equipment.

490. TAXES.

An account should be kept of the taxes chargeable against each particular class of operations, and one for those chargeable against non-operating revenues. Each tax account should be appropriately entitled (as e. g., "Taxes Assignable to Street Railway Operations," "Taxes Assignable to Non-Operating Revenues," etc.), and should be so kept as to show separately the following:

State Franchise Tax on Capital Stock.
State Franchise Tax on Gross Earnings.
Taxes on Real Estate.
Special Franchise Tax.
Taxes on Personal Property.
Other Taxes (showing in detail).

To each tax account there should be charged monthly or quarterly the amount of taxes accruing during the period, and such amount should be concurrently credited to the account "Taxes Accrued" (or to the account "Prepaid Taxes," if such tax is prepaid). The amount of taxes accruing during any month or quarter should, where the levy is unknown, be estimated as nearly as may be, and when the levy is ascertained the matter should be adjusted during the remainder of the tax year. For example, if at the beginning of a tax year the taxes on a particular class of property are estimated to be \$600 for the year, the monthly charge on account of such tax should be \$50 until the amount of levy becomes known. If during, say, the fifth month, it is found that the levy for the year is \$640,

there will already have been charged up four months at \$50 per month, leaving \$440 to be charged during the remainder of the year, or \$55 for the fifth month and each month during the remainder of the year.

Such taxes as pertain to two or more classes of operations or to non-operating revenues should be apportioned with regard to such operations and non-operating revenues upon an equitable basis, which basis will be required to be reported in the annual report of the corporation to the Board of Public Utility Commissioners.

SCHEDULE C.

CLASSIFICATION OF CAR-MILES AND CAR-HOURS.

I. DEFINITION OF CAR-MILES.

1. PASSENGER CAR-MILES—ACTIVE.

This account includes miles run by revenue earning cars for the transportation of passengers (including COMBINATION passenger and baggage, mail or express cars) between the termini of regular routes or over portions of such routes.

The record of passenger car-miles—active, shall be kept for each car route, and shall show for each route the length of the route in miles and hundredths of a mile, and for each day the number of cars operated full time, the number of trippers, and the number of trips.

2. PASSENGER CAR-MILES—IDLE.

This account includes miles run by revenue earning cars (including combination passenger or baggage, mail or express cars) between the car house and the initial route terminal. This record shall be kept for each car house.

3. SPECIAL PASSENGER CAR-MILES.

This account includes miles run by chartered passenger cars over regular or special routes, reckoning from the time such cars leave the car house until they complete the trip.

4. MAIL CAR-MILES.

This account includes miles run by cars to transport mail, when not carrying passengers, reckoning from the time such cars leave the car house.

NOTE.—This account must not include any miles run by COMBINATION cars for the purpose of carrying passengers, even though such cars also carry mail. Miles run by such cars are provided for in accounts Nos. 1 and 2, "Passenger Car-Miles—Active," and "Passenger Car-Miles—Idle."

5. EXPRESS CAR-MILES.

This account includes miles run by cars in the express service, reckoning from the time such cars leave the car house. The account shall show the number of miles run under load and miles run empty.

6. FREIGHT CAR-MILES.

This account includes all miles run by cars in freight service, loaded and empty car miles being separately recorded.

7. MIXED CAR-MILES.

This account includes all miles run by combination mail, express, and freight cars, shown separately for loaded and empty cars.

8. NON-REVENUE CAR-MILES.

This account includes miles run by company service cars, including work cars, sand cars, sprinklers, snow-plows, sweepers, wrecking cars, etc.

9. ELECTRIC LOCOMOTIVE-MILES.

This account includes all miles run by electric locomotives, whether revenue or non-revenue, or loaded or light.

II. CLASSIFICATION OF CAR-HOURS.

A record of the time that cars are in service shall be kept for the following classes of cars, corresponding to the classification of car-miles:

PASSENGER CARS (Active and Idle), on each car route.

SPECIAL PASSENGER CARS.

MAIL CARS, and

EXPRESS, FREIGHT AND MIXED CARS.

